



***CITY OF RYE, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003***

***Prepared by the  
Department of Finance  
Michael A. Genito, City Comptroller***



### CITY SEAL

The official City Seal displays the three significant dates in Rye history:

1660 - when the community was first settled, illustrated by a peace pipe,  
1904 - the year Rye became a village, showing a torch of progress, and  
1942 - the date Rye became a City.

The ship in the center is copied from the seal of Rye, England.

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<b>STATISTICAL SECTION</b> <b>(Unaudited)</b>
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This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the City's overall financial health.

This section includes the following schedules:

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal 2002. Schedules presenting government-wide information include information beginning in that year.

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## **INTRODUCTORY SECTION**

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City of Rye, New York  
List of Elected and Appointed Officials  
December 31, 2003

**Elected Officials**

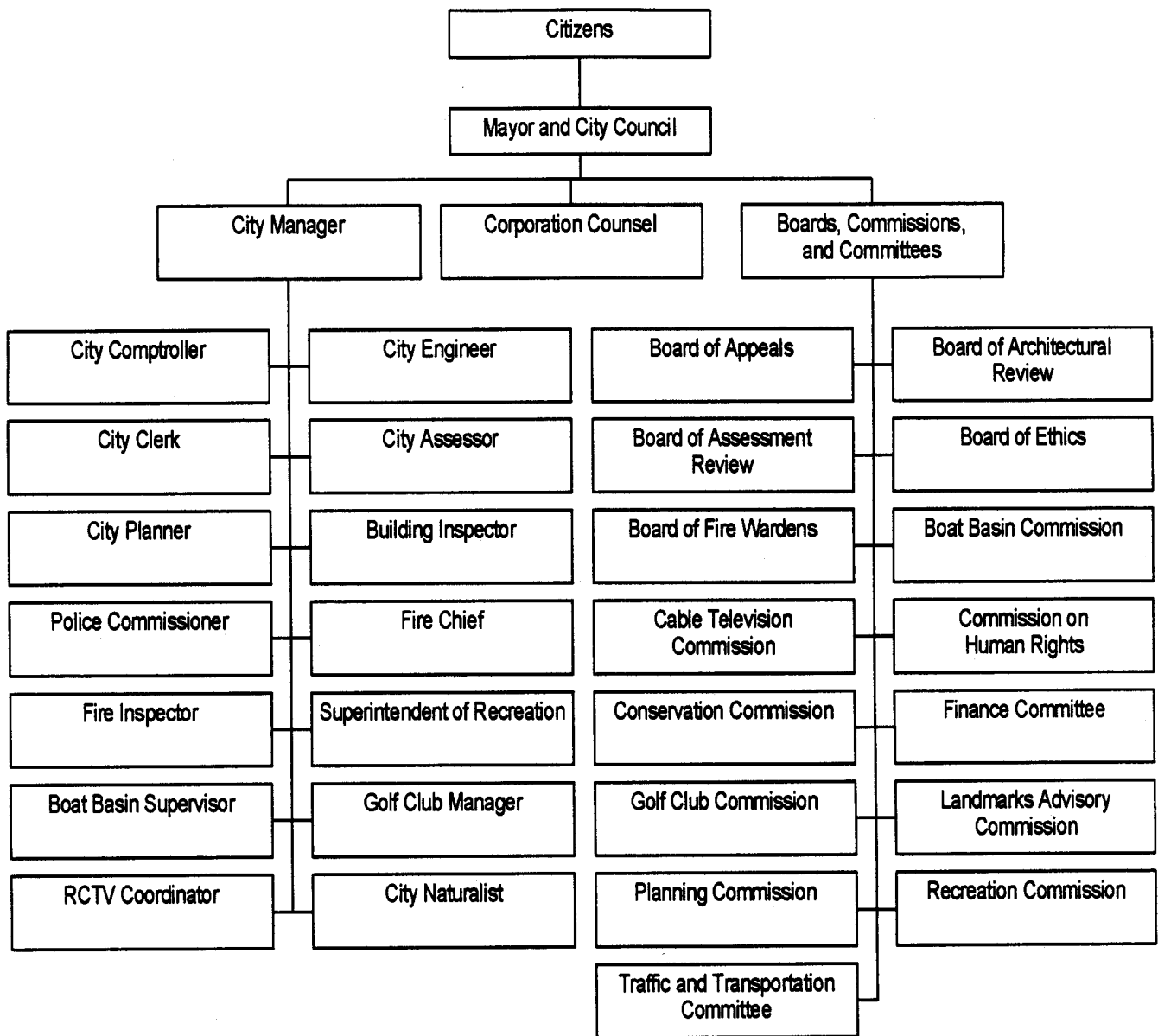
Steven Otis, Mayor

Franklin J. Chu, Council Member  
Carolyn C. Cunningham, Council Member  
Robert S. Cypher, Council Member  
Robert H. Hutchings, Council Member  
Rosamond Larr, Council Member  
Douglas McKean, Council Member

**Appointed Officials**

O. Paul Shew, City Manager  
Michael A. Genito, City Comptroller  
Kevin J. Plunkett, Corporation Counsel  
George J. Mottarella, City Engineer  
Susan Morison, City Clerk  
Noreen Whitty, City Assessor  
Christian Miller, City Planner  
Vincenzo Tamburro, Building Inspector  
William R. Connors, Police Commissioner  
George Hogben, Fire Chief  
James Dianni, Fire Inspector  
William T. Rodriguez, Superintendent of Recreation  
Peter Fox, Boat Basin Supervisor  
Scott Yandrasevich, Golf Club Manager  
James Kenny, RCTV Coordinator  
Chantal Detlefs, City Naturalist

# City of Rye, New York Organizational Chart





Michael A. Genito  
City Comptroller  
1051 Boston Post Road  
Rye, New York 10580-2945

**CITY OF RYE**  
**Department of Finance**

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May 25, 2004

To the Honorable Mayor, Members of the City Council, City Manager, and Citizens of the City of Rye, New York:

Submitted herewith is the comprehensive annual financial report of the City of Rye, New York ("City") as of and for the year ended December 31, 2003.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Bennett Kielson Storch DeSantis, The Government Services Division of ODMD, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's basic financial statements for the fiscal year ended December 31, 2003, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City of Rye, New York**

The City of Rye is located in Westchester County, New York, on the Long Island Sound, approximately twenty-five miles north of New York City. Founded in 1660, it became a village in 1904, and was incorporated as a city in 1942. The City's gentle and sophisticated country setting, conveniently located near a major metropolis, has earned it the reputation of being a highly desirable place to live. The City consistently makes the list of *Worth Magazine's* "250 Richest Towns", and its amenities have been featured in *The New York Times*.

The City maintains 71 miles of streets and roads, 53 miles of sanitary sewer lines, 6 pump stations, and 30 miles of storm drains within the borders of its six square miles. City-owned buildings include city hall, a police station, two firehouses, recreation facilities including a recreation center and other buildings, public works facilities consisting of offices, garages, and material storage buildings, a museum, a nature center, an arts center, marina offices and garages, and several buildings belonging to our golf club, including a historic "castle" (circa 1858) overlooking the golf course and Long Island Sound. The City prides itself in its maintenance and preservation of open space, with several parks and playgrounds for both passive and active recreation.

The United States Census Bureau's "Census 2000" reports that the City has a per capita income of \$76,566 and a median household income of \$110,894. The median family income is \$133,231, with 36.7% of families having an income of \$200,000 or more. The Census 2000 population count was 14,955, and the most recent (2002) Census Bureau estimate of the City's population is 15,092.

On November 3, 1959, an amendment to the City Charter was approved by public referendum to create the position of City manager. Since that time, the City has operated under the council-manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of the mayor and six other members. The City Council appoints the City manager and the corporation counsel, supervises the work of all boards, commissions and officers appointed by the City Council, and awards all contracts for public works requiring competitive bidding. The mayor serves as head of the City government, appoints City judges subject to approval by the City Council, designates chairpersons of boards and commissions, and unless otherwise provided by law or the City Council, executes deeds, contracts and other documents. City Council members, including the mayor, each serve a four-year term of office, and are elected to office by registered voters authorized to vote in City elections.

The City manager is the chief administrative officer of the City, and is responsible for all City affairs placed in his or her charge. The City manager appoints all department heads and their subordinates, with the exception of the corporation counsel and police officers. With the advice and assistance of the City comptroller, the City manager prepares and submits to the City Council the annual tentative budget. The City manager has control and supervision over purchasing, except for competitive bidding as required by law. The City manager serves at the pleasure of the City Council for an indefinite term.

The City comptroller serves at the pleasure of the City manager for an indefinite term. All other department heads and employees serve terms subject to various laws, employment contracts, labor agreements and/or the provisions of Civil Service Law.

The City provides a full range of services. General government services include vital statistics (birth and death certificates), business and occupational licenses, and a variety of other permits and licenses required under State or local law. Public safety is provided through a full-time police department, a fire department comprised of paid and volunteer firefighters, and ambulance/EMS services contracted through a local volunteer ambulance corps. Community environment services include community planning, engineering, and building inspection, conservation, emergency disaster, street maintenance, snow removal, street lighting, off-street parking, maintenance of sewers and drains, street cleaning, solid waste and recycling, community beautification and shade tree maintenance. Recreational services include recreation activities (camps, athletics, tennis, youth and adult activities), parks and playgrounds, marina services, a golf course, a municipal pool, and a nature center. Cultural services provided include library services contracted through a local library, an art center owned by the City but operated by an independent non-profit organization, and two government access cable television channels.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations, revenue estimates for the forthcoming year, and a forecast of current year revenues and expenditures to the City comptroller, usually on or before August 31 of each year. The City comptroller reviews these submissions with the departments to ensure that the current forecasts are reasonable, and that the forthcoming year's appropriation requests and revenue estimates are clearly understood. The Finance Department, under the direction of the City comptroller, completes the forecasts, appropriations, and revenue estimates for those items not specifically associated with a department, such as general revenues, internal service fund charges, interfund charges, and debt service requirements. When all of this information has been compiled and reviewed, the City comptroller submits the entire set of requests and estimates to the City manager, usually within the second week of September. The City manager will meet with departments and the City comptroller throughout the months of September and October to review the submissions, making adjustments as required or desired to meet the objectives that may have been expressed or implied by the City Council. In accordance with §C21-2 of the City Charter, the City manager must present a tentative budget to the City Council on or before November 7<sup>th</sup>. Prior to a public hearing on the tentative budget, the City Council may make any changes to the tentative budget by a vote of at least four council members. After considering the tentative budget, the City Council publishes a notice of public hearing on the tentative budget to be held no later than the first Wednesday in December of the current year, and with at least ten days' notice. After the public hearing, the City Council may adopt the budget without amendment, or, may continue to amend the budget, except for those items required by law or for debt service. Amendments that would increase the estimated revenues or total

appropriations require five affirmative votes of the City Council. The City Council must adopt the budget and set the property tax rate for the forthcoming year on or before December 31<sup>st</sup> of the current year. If the City Council fails to adopt the budget by December 31<sup>st</sup>, the tentative budget as amended by the council becomes the adopted budget. If no amendments to the tentative budget had been made by the City Council, the tentative budget as submitted by the City manager becomes the adopted budget. Throughout the year, the City manager is authorized to make amendments between any accounts within a fund, provided that the amendments do not increase total estimated revenues or total appropriations. Amendments between funds, or those that would increase total estimated revenues or appropriations must be made by resolution of the City Council. The original budget, budget as amended by fiscal year end, actual, and variance between the amended budget and actual results for the governmental funds are presented in the governmental fund subsection of this report. It should be noted that multi-year, rather than annual budgets, are adopted for the Capital Projects Fund. This report includes a project-length schedule for all projects within the Capital Projects Fund, including project budget, current year revenues and expenditures, project inception-to-date revenues and expenditures, and available project balance remaining at the end of the current fiscal year.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered in light of the specific environment in which the City operates.

#### ***Local Economy***

The City remained economically strong throughout 2003, and Moody's Investors Service has assigned its highest debt rating (Aaa) to all outstanding debt of the City. Taxable assessments increased 1% (from \$133,384,128 to \$134,674,171), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City comprise only 9% of the tax roll, with public utilities representing 3% of the property tax base, office buildings representing 1%, and residential properties representing the remaining 5%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 116 homes in the City were sold in 2003. Of these, 45% sold for \$1 million dollars or more and 15% sold for \$2 million or more. The median home sale price increased from \$900,000 in 2002 to \$930,000 in 2003 (3.3%), and the average home sale price increased from \$1,185,045 to \$1,214,874 (2.5%) during the same period. The highest 2003 sale price reported for a single-family home was \$4.5 million.

Major employers with facilities located in the City enhance the economic strength of the City by providing a wide variety of industries, including business services, electric and gas utilities, social services, primary metal industries, educational services, insurance services, investment banking and miscellaneous retail operations. The distribution of the

assessment roll for the current fiscal year, five years' previous, and ten years' previous demonstrates a relative economic stability of the City over time:

Assessment Roll Classification			
Class	2003	1999	1994
Residential	69.90 %	68.35 %	60.22 %
Vacant Land	1.46 %	1.77 %	1.32 %
Commercial	7.14 %	7.61 %	15.52 %
Recreation	6.69 %	6.96 %	7.19 %
Community Service	9.60 %	9.50 %	9.40 %
Industrial	0.05 %	0.05 %	0.05 %
Utility	4.99 %	5.58 %	6.12 %
Parkland	0.17 %	0.18 %	0.18 %
Total	100.00 %	100.00 %	100.00 %

\* In 1994 condominiums, cooperative apartments and apartment buildings were classified as commercial rather than residential properties.

Access to employment in New York City is readily available by car or mass transit (train or bus), with Interstate Route 95, Interstate Route 287, U.S. Route 1, and the Metro-North commuter train line intersecting in the City. Westchester County Airport is a short drive from the City; two major international airports (John F. Kennedy and LaGuardia) are located within 30 miles of the City, and Newark International Airport lies within 45 miles.

Economic data for the City from the Census 2000 compares quite favorably against the Westchester County, New York State, and national figures:

Data Item	City of Rye	Westchester County	New York State	United States
Per Capita	\$76,566	\$36,726	\$23,389	\$21,587
Median Household	\$110,894	\$63,582	\$43,393	\$41,994
Median Family	\$133,231	\$79,881	\$51,691	\$50,046
Unemployment Rate	1.1%	2.8%	4.3%	3.7%

While the 2003 unemployment rate is not available for the City as a unit, the 2003 Westchester County rate of 4% continues to remain favorable against the 2003 rates for New York State (6.3%) and the United States (6%).

### ***Long-term Financial Planning***

The City publishes several documents that assist in its long-term financial planning, including the *Financial Trends Report* (a ten-year historical trend analysis report of key financial indicators and ratios), a *Financial Forecast* (projecting revenues, expenditures and their effect on fund balances for the forthcoming three years), and a five-year

*Capital Improvement Plan*. All of these documents are available for review in City Hall, in the Rye Free Reading Room, and on the City's website (<http://www.ryeny.gov>).

It is anticipated that moderate tax increases, relatively stable increases in debt, and various revenues will be sufficient to provide for the long-term needs of the City, including capital asset needs.

### ***Relevant Financial Policies***

The City has adopted a *Comprehensive Financial Policy Document*, which is available in City Hall, the Rye Free Reading Room, and on the City's website. This document contains all of the City's adopted financial policies, including budget, cash management and investment, capital assets, debt management, revenues and expenditures, operating position, and procurement/purchasing. This document is reviewed annually and more often to incorporate applicable recommended practices.

The City prepares its budgets, capital improvement plans, and forecasts with the various financial policies in mind, and operates in compliance with the policies. The City does not foresee any issues with its ability to comply with the current policies in the implementation of its near and long-term initiatives.

### ***Major Initiatives***

In fiscal 2003, the City undertook and completed many significant capital improvements. Traffic signals were replaced to meet New York State standards at four major intersections. More than \$250,000 was spent on street resurfacing and sidewalk/curb replacement. Athletic fields were constructed in Disbrow Park and on the land purchased by the City in 2002 that was formerly the site of the Rye Nursery. The reconstruction of the Milton Firehouse was completed and plans for the reconstruction of the Locust Firehouse were initiated. The City replaced over 400 square feet of dock space at the City's marina, and several improvements were made to the buildings and grounds of the City's golf club.

A review of the project-length schedule of the Capital Projects Fund found elsewhere in this report reveals many infrastructure projects currently in progress. In addition to these improvements, the City takes pride in ensuring that its buildings and facilities are operated and maintained in good condition, and that the average age and condition of its fleet of vehicles is within the standards necessary to ensure that services can be delivered efficiently, effectively, and safely.

It is anticipated that some of these initiatives will impact future operating budgets to provide for the operation and maintenance of the facilities and grounds. Additional information detailing these anticipated costs can be found in the City's *Capital Improvement Plan* and the *Annual Budget Document*, both of which are available in City Hall, the Rye Free Reading Room, and the City's website.



## Awards and Acknowledgements

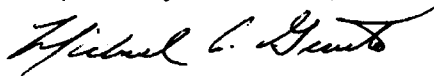
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the seventh consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an efficiently organized CAFR satisfying both generally accepted accounting principles and legal requirements that meets or exceeds reporting standards established by the GFOA.

The City also received the GFOA's Distinguished Budget Presentation Award for its fiscal 2004 annual budget document. In order to qualify for this award, a government's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of the entire Finance Department staff, and the assistance of all City departments concerning information specific to their operations. We thank our City manager for her support and guidance in helping us achieve the goals and objectives of the City. Our gratitude is extended to our Mayor and City Council, who continuously strive to enhance the quality of life for our citizens. The input from our independent auditors, Bennett Kielson Storch and DeSantis, The Government Services Division of ODMD, LLP, was invaluable, and we commend them on their timely and professional completion of our audit.

Most importantly, our heartfelt thanks goes to the citizens and residents of the City of Rye, for giving us the opportunity to serve our fine City.

Respectfully submitted,



Michael A. Genito  
City Comptroller

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# **Certificate of Achievement for Excellence in Financial Reporting**

Presented to

**City of Rye,  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Pote*  
President

*Jeffrey L. Egan*  
Executive Director

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**FINANCIAL SECTION**

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LES STORCH  
NICHOLAS DESANTIS  
DOMENICK CONSOLO  
SUSAN L. FRIEND  
STUART S. STENGEL  
SUSAN M. BAROSS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
of the City of Rye, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year's comparative information has been derived from the City's 2002 financial statements and, in our report dated April 4, 2003, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York at December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Rye, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Rye, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information listed in the statistical section has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

***Bennett Kjelson Storch DeSantis***

The Government Services Division of ODMD, LLP  
March 12, 2004



**City of Rye, New York**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2003**

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As management of the City of Rye, New York ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

**Financial Highlights**

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$28,549,421. Of this amount, \$7,581,274 may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The City's total net assets increased by \$4,035,195.
- ❖ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,381,538, of which \$3,623,877 is available for spending at the City's discretion.
- ❖ At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,848,284 or 29.7% of total general fund expenditures.
- ❖ The City's total bonded debt decreased 5.2% from \$16,729,500 to \$15,855,000 during the current fiscal year, representing \$874,500 in principal payments made during the year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide the readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of

the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the City that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the City include general government, public safety, community environment, and culture and recreation. The business-type activities of the City include the DePauw Municipal Boat Basin and the Rye Golf Club. The government-wide financial statements can be found on the pages immediately following this MD&A.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds: the General Fund, two special revenue funds (the Cable TV Fund and the Nature Center Fund), the K.T. Woods Permanent Fund, the Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Information from the other four (nonmajor) governmental funds is combined into a single aggregated presentation. Individual information on each of these four funds is provided in the form of combining statements found elsewhere in this report. The City

adopts annual budgets for the General Fund, Cable TV Fund, Nature Center Fund, K.T. Woods Permanent Fund, and Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets. Multi-year budgets are adopted for the Capital Projects Fund, and a project-length schedule that provides information concerning these projects and their budgets is included elsewhere in this report.

### **Proprietary Funds**

The City maintains two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its marina (the DePauw Municipal Boat Basin) and golf course (the Rye Golf Club) operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general liability insurance coverage (the Risk Retention Fund), and the acquisition, operation, maintenance, and disposition of its buildings and vehicles (the Building and Vehicle Maintenance Fund). These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type, functions.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Boat Basin Fund and the Golf Club Fund, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements are presented in this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains only one type of fiduciary fund that is known as an agency fund. The City holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The agency fund financial statements are presented in this report.

### **Notes to the Financial Statements**

The notes to the basic financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other Information

The combining statements referred to earlier in connection with the four nonmajor governmental funds and the two internal service funds are presented immediately following the basic financial statements. Combining and individual fund statements and schedules can be found elsewhere in this report

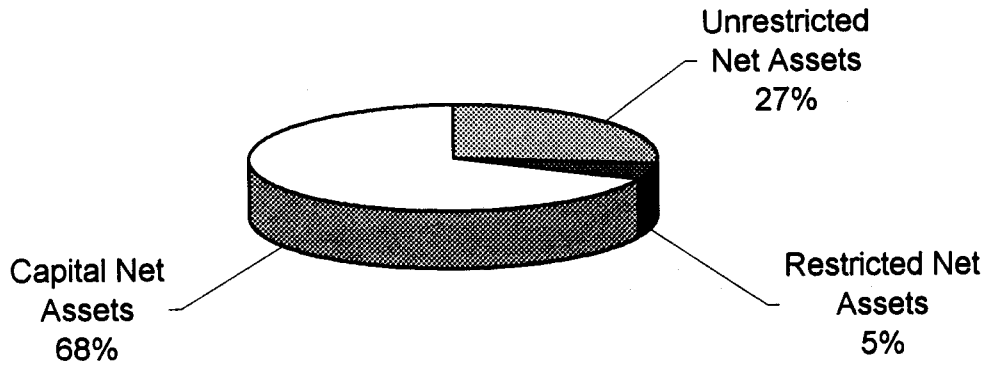
## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$28,549,421 at the close of the most recent fiscal year. Sixty-nine percent (\$19,663,498) of the City's net assets reflects its investment in capital assets (land, buildings, improvements, machinery, equipment, construction in progress, and infrastructure), less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

	Net Assets					
	December 31, 2003			December 31, 2002		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 17,104,174	\$ 2,768,190	\$ 19,872,364	\$ 17,721,413	\$ 2,499,409	\$ 20,220,822
Capital Assets, Net	18,250,565	12,710,157	30,960,722	15,229,822	12,928,822	28,158,644
Total Assets	35,354,739	15,478,347	50,833,086	32,951,235	15,428,231	48,379,466
Current Liabilities	4,904,637	115,904	5,020,541	5,761,407	164,381	5,925,788
Long-term liabilities	12,172,346	5,090,778	17,263,124	12,538,349	5,401,103	17,939,452
Total Liabilities	17,076,983	5,206,682	22,283,665	18,299,756	5,565,484	23,865,240
Net Assets:						
Invested in Capital Assets, Net of Related Debt	11,563,341	8,100,157	19,663,498	10,986,390	7,578,822	18,565,212
Restricted	1,304,649	-	1,304,649	1,513,973	-	1,513,973
Unrestricted	5,409,766	2,171,508	7,581,274	2,151,116	2,283,925	4,435,041
Total Net Assets	\$ 18,277,756	\$ 10,271,665	\$ 28,549,421	\$ 14,651,479	\$ 9,862,747	\$ 24,514,226

An additional portion of the City's net assets (\$1,304,649) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,581,274) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive net asset balances in all three categories of net assets: the government as a whole, governmental activities, and business-type activities.

### Net Assets Distribution December 31, 2003

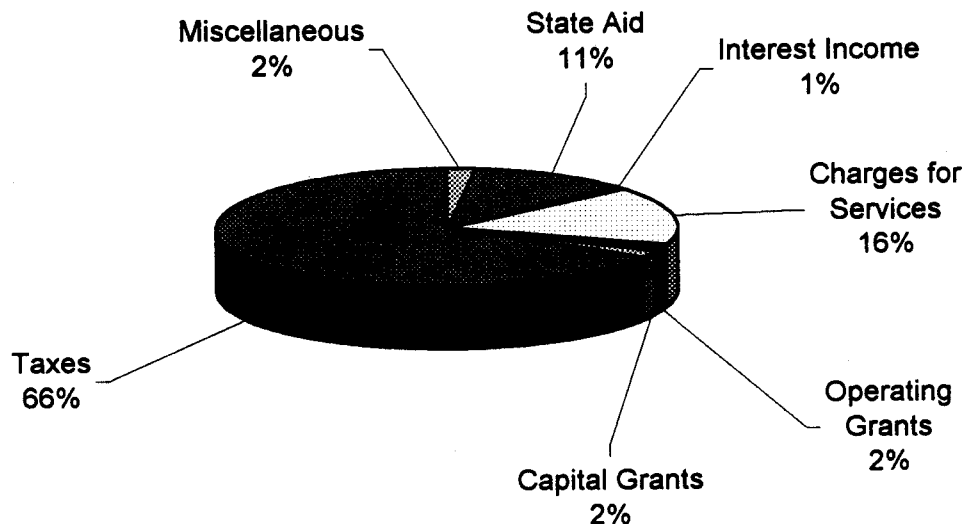


### **Governmental Activities**

During the current fiscal year, governmental activities increased the City's net assets by \$3,626,277, accounting for 90% of the total growth in the net assets of the City. Major revenues received included:

- ❖ \$14,222,097 in property taxes
- ❖ \$ 1,475,182 in sales and use taxes
- ❖ \$ 342,196 in utilities gross receipts taxes, and
- ❖ \$ 2,618,191 in state aid not restricted to specific programs.

### Revenues by Source - Governmental Activities



Revenues from charges for services were \$3,717,940 and governmental programs received \$404,662 in operating grants and contributions. Capital grants totaling \$434,307 included:

- ❖ \$215,974 in New York State aid awarded to our Department of Public Works for capital improvements to our streets under the State's Consolidated Highway Improvement Program,
- ❖ \$150,000 in New York State aid awarded to the City for the acquisition of land to preserve environmental water quality under the State's Clean Water/Clean Air Bond Act,
- ❖ \$50,000 in Federal aid awarded to the City for the development of parks and playgrounds under the Federal Community Development Block Grant program,
- ❖ \$12,000 in Federal aid awarded to the City for community beautification, and,
- ❖ \$6,333 in capital interest.

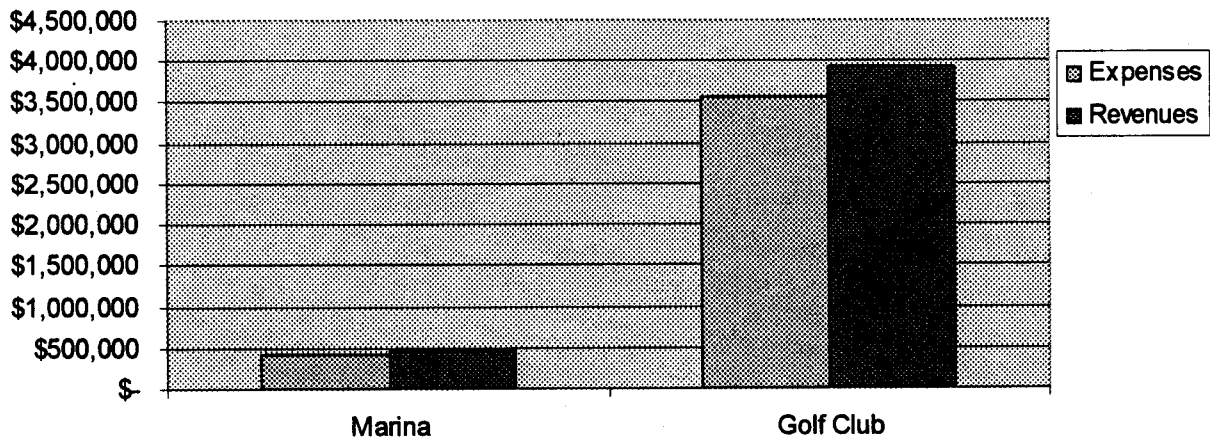
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,717,940	\$ 4,404,881	\$ 8,122,821	\$ 3,042,433	\$ 4,375,596	\$ 7,418,029
Operating Grants and Contributions	404,662	-	404,662	267,188	-	267,188
Capital Grants and Contributions	434,307	-	434,307	258,808	19,500	278,308
General revenues:						
Real Property Taxes	14,222,097	-	14,222,097	11,949,060	-	11,949,060
Non-Property Taxes	1,817,378	-	1,817,378	1,760,063	-	1,760,063
Unrestricted Use of Money and Property	178,353	25,712	204,065	183,635	42,472	226,107
State Aid	2,618,191	-	2,618,191	2,255,963	-	2,255,963
Miscellaneous and Other	386,478	(38,523)	347,955	138,542	-	138,542
Total Revenues	<u>23,779,406</u>	<u>4,392,070</u>	<u>28,171,476</u>	<u>19,855,692</u>	<u>4,437,568</u>	<u>24,293,260</u>
Expenses:						
General Government	2,777,827	-	2,777,827	2,635,050	-	2,635,050
Public Safety	8,655,151	-	8,655,151	8,179,311	-	8,179,311
Community Environment	5,693,349	-	5,693,349	5,270,494	-	5,270,494
Culture and Recreation	2,921,669	-	2,921,669	3,005,355	-	3,005,355
Interest	105,133	-	105,133	77,783	-	77,783
Marina	-	413,260	413,260	-	369,746	369,746
Golf Club	-	3,569,892	3,569,892	-	3,488,578	3,488,578
Total Expenses	<u>20,153,129</u>	<u>3,983,152</u>	<u>24,136,281</u>	<u>19,167,993</u>	<u>3,858,324</u>	<u>23,026,317</u>
Change in Net Assets	3,626,277	408,918	4,035,195	687,699	579,244	1,266,943
Net Assets - Beginning	<u>14,651,479</u>	<u>9,862,747</u>	<u>24,514,226</u>	<u>13,963,780</u>	<u>9,283,503</u>	<u>23,247,283</u>
Net Assets - Ending	<u>\$ 18,277,756</u>	<u>\$ 10,271,665</u>	<u>\$ 28,549,421</u>	<u>\$ 14,651,479</u>	<u>\$ 9,862,747</u>	<u>\$ 24,514,226</u>

### ***Business-type Activities***

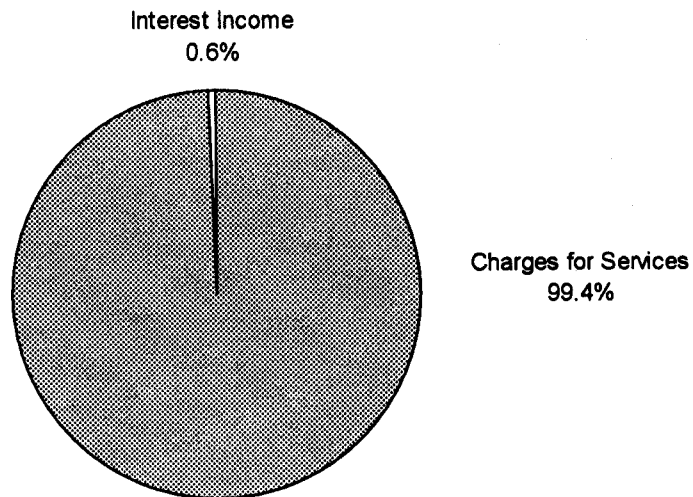
Business-type activities increased the City's net assets by \$408,918, accounting for 10% of the total growth in the City's net assets. Revenues from charges for services

were \$482,094 from our marina operations and \$3,922,787 from our golf club operations. Combined, the business-type activities earned \$25,712 in interest and investment income. Offsetting these revenues were expenses of \$413,260 for marina operations, \$3,569,892 for golf club operations, and a \$38,523 loss on the sale of golf club equipment.

Expenses and Program Revenues  
Business-type Activities



Revenues by Source - Business-Type Activities



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,381,538, a an increase of \$1,939,402 from the prior year. Approximately 57% (\$3,623,877) of the total ending fund balances constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it represents prepaid expenditures or long-term receivables; is committed to liquidate purchase orders of the prior period; is dedicated to pay for debt service; provides for the payment of leave time earned but not used by employees, or is restricted in its use under the terms of a trust agreement.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,858,284, representing 74% of the total General Fund balance of \$7,911,464. Two useful measures of liquidity are the percentage of unreserved fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a healthy 29.7% unreserved fund balance to total expenditures, and a similarly robust 40.1% total fund balance to total expenditures.

The General Fund's fund balance increased by \$2,340,858 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$850,676. Transfers in of \$39,034 represent the return of unused project funds from the Capital Projects Fund. Transfers out of \$889,710 were comprised of the following: an \$86,144 transfer to the Nature Center Fund; \$144,057 transferred to the Debt Service Fund for long-term debt principal and interest requirements; \$302,000 to the Capital Projects Fund for infrastructure projects, and \$357,509 to the Building and Vehicle Maintenance Fund for improvements to City-owned buildings and vehicle purchases. Operating revenues of the General Fund exceeded operating expenditures by \$3,191,534. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$11,965,741 to \$14,190,747 (\$2,225,006 or 18.6%), reflecting our tax rate increase from 2002 to 2003 of 17.4% and an increase in taxable assessed values from \$133,384,128 to \$134,174,171.
- ❖ Utilities gross receipts taxes increased \$54,531 (19%) from \$287,665 to \$342,196, due to higher revenues reported by utility companies, most likely related to inclement weather and utility rate increases.
- ❖ Charges for services increased \$442,930 (56.6%) from \$782,054 to \$1,224,984, due to increases in rates charged for services, increased user activity, and the recognition of revenues previously classified as deferred revenues.
- ❖ Interest and investment income decreased \$13,068 (8.9%) from \$160,048 to \$146,980, due to significant decreases in interest rates.



- ❖ License and permit revenues increase \$146,398 (13%) from \$1,125,708 to \$1,272,106, with increased home improvement activity accounting for \$144,931 of the increase.
- ❖ Fines and forfeitures increased \$53,942 (12.1%) from \$446,831 to \$500,773, reflecting an overall increase in the enforcement and prosecution of false alarms, code violations, parking violations, and vehicle and traffic violations.
- ❖ Miscellaneous revenues increased \$398,693 primarily, due to the recognition of gifts and donations previously classified as deferred revenues.
- ❖ Mortgage taxes increased \$362,228 (25.6%) from \$1,413,357 to \$1,775,585, due to increased home financing and refinancing related to historically-low mortgage rates.
- ❖ Salaries and wages increased \$249,114 (2.6%) from \$9,590,854 to \$9,839,968, reflecting contracted increases offset by reductions in administrative salaries from a hiring freeze and a zero percent administrative salary increase.
- ❖ Equipment purchases decreased \$77,379 (25.2%) from 307,071 to \$229,692, mostly in the area of computer systems and miscellaneous equipment, reflecting our initiative in the prior year to upgrade many of our information systems and other miscellaneous equipment needs.
- ❖ Materials and supplies decreased \$99,254 (6.7%) from \$1,489,518 to \$1,390,264, with no particular area of cost contributing materially to the decrease.
- ❖ Contractual costs increased \$548,813 (13%) from \$4,230,420 to \$4,779,233, with interfund risk service charges accounting for \$228,223 and interfund building and vehicle maintenance service charges accounting for \$236,207 of the increase. These increases were associated with increases in general liability catastrophic insurance premiums and increases in the cost of utilities, fuel, and other maintenance items.
- ❖ Employee benefits increased \$426,045 (13.8%) from \$3,086,412 to \$3,512,457, with pensions costs and workers' compensation premiums increasing \$319,861 and \$133,689 respectively.

The Capital Projects Fund has a negative unreserved fund balance of \$2,398,472. However, the only project showing a material negative balance is that involving our 2002 acquisition of land for park purposes. The project deficit of \$2,946,236 will be eliminated when the outstanding state loan of \$2,950,000 is repaid from long-term debt proceeds, grants, and/or general revenues. In accounting for capital projects, loans and other short-term debt are not considered revenues. Capital Projects Fund revenues of \$449,849, expenditures of \$1,104,012 and other financing sources and uses of \$225,105 (net) represent only the current fiscal year's portion of total project activity. An itemized project-length schedule of all projects can be found elsewhere in this report.

### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net assets of the Boat Basin Fund at year-end were \$1,762,074, an increase of \$75,618 from the prior year. Net assets invested in capital assets, net of related debt, were \$823,061 and unrestricted net assets of \$939,013 represented the balance of net

assets. Operating income of the Boat Basin Fund was \$67,107 (operating revenues of \$482,094 offset by \$414,987 of operating expenses). Interest income of \$8,511 made up the balance of the change in net assets.

Total net assets of the Golf Club Fund at year-end were \$8,525,204, an increase of \$327,398 from the prior year. Net assets invested in capital assets, net of related debt, were \$7,277,096, with unrestricted net assets of \$1,248,108 representing the balance of net assets. Golf Club Fund operating expenses of \$3,308,738 offset operating revenues of \$3,922,787 to arrive at operating income of \$614,049. Interest income of \$17,201, offset by \$265,329 of interest expense related to long-term debt and a \$38,523 loss on the sale of equipment made up the balance of the change in net assets.

### **General Fund Budgetary Highlights**

The difference between the original and final amended budget for the General Fund were immaterial for estimated operating revenues, with the original budget at \$20,686,350 and the final amended budget at \$20,886,747 – a difference of \$200,397 (1%). During the year miscellaneous revenues were increased \$180,000 to reflect the recognition of deferred revenues, intergovernmental aid was increased \$19,000 to reflect Federal and State aid awards, and fines and forfeitures were increased \$1,000 to reflect crime forfeiture proceeds awarded to the City's police department.

The difference between the operating appropriations originally budgeted and in the final amended budget for the General Fund was \$137,839 (\$20,645,924 vs. \$20,783,763), an immaterial change of 0.7%. The appropriations budget for general government operations was decreased \$125,166 during the year; public safety was decreased \$14,381; community environment was increased \$71,006 and culture and recreation was increased \$206,380.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

The City's investment in capital assets for governmental and business-type activities at December 31, 2003, net of \$9,773,453 accumulated depreciation, was \$30,960,722. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and infrastructure. As part of its implementation of Governmental Accounting Standards Board Statement Number 34 in fiscal year ending December 31, 2002, the City decided to report retroactively only that infrastructure supported by long-term debt and prospectively as required any new investments in infrastructure. The City will complete its inventory and report any remaining infrastructure within the four-year implementation period for infrastructure reporting as provided for in the Statement.

Major capital asset events during the current fiscal year included the following:

- ❖ Marina dredging added \$99,153 of asset value.
- ❖ The Golf Club purchased a vehicle adding \$28,142 of asset value.

- ❖ Construction of a new police pistol range added \$275,521, and the construction of an apartment in our Nature Center building added \$90,136 of asset value.
- ❖ Vehicle purchases added \$579,740 of asset value.
- ❖ New construction in progress added \$262,719 of asset value.
- ❖ Fully depreciated vehicles with historical cost values totaling \$259,554 were sold or otherwise disposed.

### Capital Assets

	2003			2002		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 3,100,000	\$ 1,700,408	\$ 4,800,408	\$ 3,100,000	\$ 1,700,408	\$ 4,800,408
Buildings	3,346,644	11,759,481	15,106,125	2,483,572	11,759,481	14,243,053
Improvements	1,767,421	2,772,674	4,540,095	1,767,421	2,552,937	4,320,358
Machinery and Equipment	6,220,138	982,057	7,202,195	6,029,776	1,117,774	7,147,550
Construction-in- Progress	6,290,096	-	6,290,096	4,458,658	-	4,458,658
Infrastructure	2,795,256	-	2,795,256	2,173,680	-	2,173,680
Less:						
Accumulated Depreciation	<u>(5,268,990)</u>	<u>(4,504,463)</u>	<u>(9,773,453)</u>	<u>(4,783,285)</u>	<u>(4,201,778)</u>	<u>(8,985,063)</u>
Total (Net of Depreciation)	<u>\$ 18,250,565</u>	<u>\$12,710,157</u>	<u>\$30,960,722</u>	<u>\$ 15,229,822</u>	<u>\$ 12,928,822</u>	<u>\$28,158,644</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,855,000. As required by New York State Law, all bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of those funds. Of the \$15,855,000 bonded debt outstanding at fiscal year end, \$5,000,000 represented debt of the Golf Club Fund.

The City, in fiscal year 2003 issued no new debt. During the current fiscal year, the City made a \$150,000 payment against a \$3,100,000 State loan for land acquisition, reducing the balance to \$2,950,000. At fiscal year end, the City had authorized but unissued long-term debt of \$2,950,000 for the acquisition of land for park purposes, \$1,220,500 for sewer system improvements, \$60,000 for traffic signals, \$2,029,000 for the reconstruction of firehouses, and \$101,000 for the reconstruction of police headquarters.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the City must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2003, the City had exhausted 6.44% of its constitutional debt limit, providing an available debt margin of 93.56%, with the authority to issue an additional \$217 million of general obligation long-term debt.

City Charter §C21-9 specifies the amount of debt that can be authorized solely on the adoption of a resolution by the City Council; the amount that can be raised by resolution of the City Council but subject to permissive referendum, and the amount requiring a mandatory referendum. At December 31, 2003, the amount of debt that could be authorized by City Council resolution alone was \$430,933 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$377,620. The authorization of all other long-term debt, unless otherwise specifically exempt by law, requires a mandatory referendum.

Moody's Investor Service has assigned its highest credit rating ("Aaa") to all City debt.

Additional information on the City's long-term debt can be found in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

According to the United States Bureau of Labor Statistics, the unemployment rate for Westchester County (unemployment information for the City is unavailable) at the end of the current fiscal year was 4%. This compares favorably with the rate of 6.3% for New York State and the 6% national unemployment rate. The 3.1% increase in the Consumer Price Index for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2002 to 2003 was greater than the 2.3% increase recorded for the U.S. city average for the same period.

Home financing and refinancing rates hit historic lows in fiscal 2003, contributing to substantial increases revenues from mortgage taxes and construction activity. The taxable assessed value of real property in the City increased from \$133,384,128 in 2002 to \$134,674,171 in 2003, with the average home sale price rising from \$1,185,045 to \$1,214,874 and the median home sale price rising from \$900,000 to \$930,000 in the same period. City management was also aware that in 2003 there would most likely be significant increases in insurance and employee benefits (particularly medical insurance and retirement contributions). All of these factors were taken into consideration in developing the fiscal 2004 budget.

The City appropriated \$1,502,871 of unreserved fund balance for spending in fiscal 2004. Of this amount, \$1,007,371 will be used to fund the acquisition of capital assets and equipment, \$15,000 will be used to provide for uncollected real property taxes, and the remainder will be used to partially offset a \$1 million increase in required employer retirement contributions. The use of this fund balance was within the City's policy of maintaining an unreserved, undesignated General Fund fund balance of at least 5% of annual appropriations. Combined with all other revenues sources, the fiscal 2004 real property tax rate of \$113.41 per \$1,000 taxable assessed value provides funding for all

other General Fund appropriations. The tax rate increase from 2003 to 2004 is 9.5% (\$103.55 to \$113.41).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2004 user fees and charges to meet or exceed all anticipated costs for that year, including interest on long-term debt, depreciation, and the acquisition of capital assets. Part of the revenues raised in 2004 will be used to fund administrative charges charged by the General Fund, and a portion of the revenues will be used to invest in capital assets related to the enterprise funds.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Rye, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Michael A. Genito, Comptroller, City of Rye, 1051 Boston Post Road, Rye, New York 10580.

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## **BASIC FINANCIAL STATEMENTS**

City of Rye, New York  
Statement of Net Assets  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 8,469,637	\$ 338,732	\$ 8,808,369
Investments	2,026,971	1,978,535	4,005,506
Taxes receivable	780,421	-	780,421
Accounts receivable	135,691	68,837	204,528
Due from other governments	805,250	-	805,250
Internal balances	51,975	(51,975)	-
Prepaid expenses	501,629	44,061	545,690
Restricted Assets:			
Cash and equivalents	2,600,000	390,000	2,990,000
Investments	1,732,600	-	1,732,600
Capital Assets:			
Land	3,100,000	1,700,408	4,800,408
Buildings	3,346,644	11,759,481	15,106,125
Improvements	1,767,421	2,772,674	4,540,095
Machinery and equipment	6,220,138	982,057	7,202,195
Construction in progress	6,290,096	-	6,290,096
Infrastructure	2,795,256	-	2,795,256
Less - accumulated depreciation	(5,268,990)	(4,504,463)	(9,773,453)
Total Assets	<u>35,354,739</u>	<u>15,478,347</u>	<u>50,833,086</u>
<b>LIABILITIES</b>			
Accounts payable	358,114	28,566	386,680
Accrued liabilities	210,847	684	211,531
Accrued interest payable	73,752	67,528	141,280
Retainage payable	112,587	-	112,587
Deposits	346,677	-	346,677
Due to other governments	606,246	19,126	625,372
Deferred revenues	246,414	-	246,414
Loan payable	2,950,000	-	2,950,000
Non-current liabilities:			
Due within one year:			
Bonds payable	490,000	390,000	880,000
Claims payable	110,009	-	110,009
Compensated absences	72,063	5,563	77,626
Retirement incentives and other pension obligations	10,358	7,799	18,157
Due in more than one year:			
Bonds payable	10,365,000	4,610,000	14,975,000
Claims payable	440,034	-	440,034
Compensated absences	648,568	50,071	698,639
Retirement incentives and other pension obligations	36,314	27,345	63,659
Total Liabilities	<u>17,076,983</u>	<u>5,206,682</u>	<u>22,283,665</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,563,341	8,100,157	19,663,498
Restricted for:			
Capital projects	1,011,604	-	1,011,604
Cable TV purposes	175,161	-	175,161
Permanent fund	31,206	-	31,206
Debt service	86,678	-	86,678
Unrestricted	5,409,766	2,171,508	7,581,274
Total Net Assets	<u>\$ 18,277,756</u>	<u>\$ 10,271,665</u>	<u>\$ 28,549,421</u>

The notes to the financial statements are an integral part of this statement.



2002		
Governmental Activities	Business-type Activities	Total
6,165,841	1,785,474	\$ 7,951,315
1,887,095	686,587	2,573,682
867,440	-	867,440
146,294	23,406	169,700
862,898	-	862,898
9,871	(9,871)	-
196,994	13,813	210,807
4,700,000	-	4,700,000
2,884,980	-	2,884,980
3,100,000	1,700,408	4,800,408
2,483,572	11,759,481	14,243,053
1,767,421	2,552,937	4,320,358
6,029,776	1,117,774	7,147,550
4,458,658	-	4,458,658
2,173,680	-	2,173,680
(4,783,285)	(4,201,778)	(8,985,063)
<u>32,951,235</u>	<u>15,428,231</u>	<u>48,379,466</u>
642,942	71,894	714,836
240,166	1,401	241,567
77,818	70,802	148,620
173,098	-	173,098
347,481	-	347,481
480,430	20,284	500,714
699,472	-	699,472
3,100,000	-	3,100,000
524,500	350,000	874,500
75,000	-	75,000
74,721	5,110	79,831
-	-	-
10,855,000	5,000,000	15,855,000
336,635	-	336,635
672,493	45,993	718,486
-	-	-
<u>18,299,756</u>	<u>5,565,484</u>	<u>23,865,240</u>
10,986,390	7,578,822	18,565,212
1,270,193	-	1,270,193
129,546	-	129,546
33,891	-	33,891
80,343	-	80,343
2,151,116	2,283,925	4,435,041
<u>\$ 14,651,479</u>	<u>\$ 9,862,747</u>	<u>\$ 24,514,226</u>

City of Rye, New York  
Statement of Activities  
Years Ended December 31, 2003  
(With Comparative Amounts for 2002)

2003							
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Expenses							
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General government	\$ 2,777,827	\$ 426,171	\$ 45,637	\$ -	\$ (2,306,019)	\$ -	\$ (2,306,019)
Public safety	8,655,151	617,244	55,738	-	(7,982,169)	-	(7,982,169)
Community environment	5,693,349	1,804,053	56,229	365,974	(3,467,093)	-	(3,467,093)
Culture and recreation	2,921,669	870,472	247,058	62,000	(1,742,139)	-	(1,742,139)
Interest	105,133	-	-	6,333	(98,800)	-	(98,800)
Total Governmental Activities	20,153,129	3,717,940	404,662	434,307	(15,596,220)	-	(15,596,220)
Business-type Activities:							
Marina	413,260	482,094	-	-	68,834	68,834	68,834
Golf	3,569,892	3,922,787	-	-	352,895	352,895	352,895
Total Business-type Activities	3,983,152	4,404,881	-	-	421,729	421,729	421,729
Total Government	\$ 24,136,281	\$ 8,122,821	\$ 404,662	\$ 434,307	(15,596,220)	421,729	(15,174,491)
General Revenues:							
Real property taxes				14,222,097	-		14,222,097
Non-property taxes				1,817,378	-		1,817,378
Unrestricted use of money and property				178,353	25,712		204,065
Gain (loss) on sale of equipment				31,675	(38,523)		(6,848)
State aid not restricted to specific programs				2,618,191	-		2,618,191
Other revenues				354,803	-		354,803
Total General Revenues				19,222,497	(12,811)		19,209,686
Change in Net Assets				3,626,277	408,918		4,035,195
Net Assets - Beginning of Year				14,651,479	9,862,747		24,514,226
Net Assets - End of Year				\$ 18,277,756	\$ 10,271,665		\$ 28,549,421

The notes to the financial statements are an integral part of this statement.

2002

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ 2,635,050	\$ 120,593	\$ 42,285	\$ -	\$ (2,472,172)	\$ -	\$ (2,472,172)
8,179,311	508,397	89,558	7,748	(7,573,608)	-	(7,573,608)
5,270,494	1,286,827	29,828	233,367	(3,720,472)	-	(3,720,472)
3,005,355	1,126,616	105,517	-	(1,773,222)	-	(1,773,222)
77,783	-	-	17,693	(60,090)	-	(60,090)
19,167,993	3,042,433	267,188	258,808	(15,599,564)	-	(15,599,564)
369,746	474,292	-	19,500	-	124,046	124,046
3,488,578	3,901,304	-	-	-	412,726	412,726
3,858,324	4,375,596	-	19,500	-	536,772	536,772
\$ 23,026,317	\$ 7,418,029	\$ 267,188	\$ 278,308	(15,599,564)	536,772	(15,062,792)
				11,949,060	-	11,949,060
				1,760,063	-	1,760,063
				183,635	42,472	226,107
				57,795	-	57,795
				2,255,963	-	2,255,963
				80,747	-	80,747
				16,287,263	42,472	16,329,735
				687,699	579,244	1,266,943
				13,963,780	9,283,503	23,247,283
				\$ 14,651,479	\$ 9,862,747	\$ 24,514,226

City of Rye, New York  
Balance Sheet  
Governmental Funds  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 7,204,396	\$ 182,712	\$ 24,509	\$ 7,411,617
Investments	205,887	477,825	182,690	866,402
Receivables:				
Taxes receivable	780,421	-	-	780,421
Accounts receivable	46,494	-	87,889	134,383
Due from other funds	76,842	1,050	234	78,126
Due from other governments	560,076	215,974	-	776,050
Prepaid expenditures	646,971	761	8,311	656,043
Investments - restricted	-	261,453	31,206	292,659
<b>Total Assets</b>	<b>\$ 9,521,087</b>	<b>\$ 1,139,775</b>	<b>\$ 334,839</b>	<b>\$ 10,995,701</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 228,488	\$ 5,736	\$ 183	\$ 234,407
Accrued liabilities	34,567	-	280	34,847
Retainage payable	982	3,582	-	4,564
Deposits	331,677	15,000	-	346,677
Due to other funds	1,150	4,006	6,153	11,309
Due to other governments	606,246	-	-	606,246
Deferred revenues	406,513	-	19,600	426,113
Loans payable	-	2,950,000	-	2,950,000
<b>Total Liabilities</b>	<b>1,609,623</b>	<b>2,978,324</b>	<b>26,216</b>	<b>4,614,163</b>
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	246,230	559,162	388	805,780
Prepaid expenditures	646,971	761	8,311	656,043
Compensated absences	646,248	-	17,975	664,223
Long-term receivable	513,731	-	-	513,731
Debt service	-	-	86,678	86,678
Non-expendable trust	-	-	31,206	31,206
Unreserved reported in:				
General Fund	5,858,284	-	-	5,858,284
Special Revenue Funds	-	-	164,065	164,065
Capital Projects Fund	-	(2,398,472)	-	(2,398,472)
<b>Total Fund Balances (Deficits)</b>	<b>7,911,464</b>	<b>(1,838,549)</b>	<b>308,623</b>	<b>6,381,538</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 9,521,087</b>	<b>\$ 1,139,775</b>	<b>\$ 334,839</b>	<b>\$ 10,995,701</b>

The notes to the financial statements are an integral part of this statement.

2002

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,333,260	\$ 407,125	\$ 11,077	\$ 5,751,462
219,094	404,114	150,374	773,582
867,440	-	-	867,440
62,210	222	78,650	141,082
222,374	-	3,372	225,746
599,792	215,753	11,489	827,034
182,652	171	3,578	186,401
-	835,337	33,891	869,228
<u>\$ 7,486,822</u>	<u>\$ 1,862,722</u>	<u>\$ 292,431</u>	<u>\$ 9,641,975</u>
\$ 144,509	\$ 26,743	\$ 7,413	\$ 178,665
62,993	-	1,023	64,016
982	42,052	-	43,034
347,481	-	-	347,481
32,000	103,418	2,974	138,392
480,430	-	-	480,430
847,821	-	-	847,821
-	3,100,000	-	3,100,000
<u>1,916,216</u>	<u>3,272,213</u>	<u>11,410</u>	<u>5,199,839</u>
174,775	722,730	1,948	899,453
182,662	171	3,578	186,411
675,972	-	13,641	689,613
457,468	-	-	457,468
-	-	80,343	80,343
-	-	33,891	33,891
4,079,729	-	-	4,079,729
-	-	147,620	147,620
-	(2,132,392)	-	(2,132,392)
<u>5,570,606</u>	<u>(1,409,491)</u>	<u>281,021</u>	<u>4,442,136</u>
<u>\$ 7,486,822</u>	<u>\$ 1,862,722</u>	<u>\$ 292,431</u>	<u>\$ 9,641,975</u>

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City of Rye, New York  
Reconciliation of Governmental Funds Balance Sheet to  
The Government-Wide Statement of Net Assets - Governmental Activities  
December 31, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Fund Balances - Total Governmental Funds	<u>\$ 6,381,538</u>	<u>\$ 4,442,136</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>6,425,753</u>	<u>5,476,007</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Real property taxes	<u>179,699</u>	<u>148,349</u>
Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance, and risk to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>7,880,007</u>	<u>6,917,696</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(181,522)	-
Bonds payable	(1,132,988)	(1,216,578)
Claims payable	(550,043)	(411,635)
Accrued interest payable	(13,793)	(14,883)
Compensated absences	(664,223)	(689,613)
Retirement incentives and other pension obligations	<u>(46,672)</u>	<u>-</u>
	<u>(2,589,241)</u>	<u>(2,332,709)</u>
Net Assets of Governmental Activities	<u>\$ 18,277,756</u>	<u>\$ 14,651,479</u>

The notes to the financial statements are an integral part of this statement.

City of Rye, New York  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes and related items	\$ 14,190,747	\$ -	\$ -	\$ 14,190,747
Non-property taxes	1,817,378	-	167,455	1,984,833
Charges for services	1,224,984	-	15,430	1,240,414
Intergovernmental charges	69,139	-	-	69,139
Use of money and property	161,916	-	7,856	169,772
Licenses and permits	1,272,106	21,875	-	1,293,981
Fines and forfeitures	500,773	-	-	500,773
Sale of property and compensation for loss	63,122	-	-	63,122
Interfund revenues	406,574	-	-	406,574
State aid	2,692,207	365,974	3,829	3,062,010
Federal aid	40,599	62,000	-	102,599
Miscellaneous	503,603	-	33,831	537,434
Total Revenues	<u>22,943,148</u>	<u>449,849</u>	<u>228,401</u>	<u>23,621,398</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,618,241	-	-	2,618,241
Public safety	8,720,495	-	-	8,720,495
Community environment	5,732,532	-	-	5,732,532
Culture and recreation	2,680,346	-	286,945	2,967,291
Debt service:				
Principal	-	-	83,590	83,590
Interest	-	-	60,465	60,465
Capital outlay:				
General government	-	64,597	-	64,597
Public safety	-	424,102	-	424,102
Community environment	-	490,775	-	490,775
Culture and recreation	-	124,538	-	124,538
Total Expenditures	<u>19,751,614</u>	<u>1,104,012</u>	<u>431,000</u>	<u>21,286,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,191,534</u>	<u>(654,163)</u>	<u>(202,599)</u>	<u>2,334,772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	39,034	732,510	233,201	1,004,745
Transfers out	(889,710)	(507,405)	(3,000)	(1,400,115)
Total Other Financing Sources (Uses)	<u>(850,676)</u>	<u>225,105</u>	<u>230,201</u>	<u>(395,370)</u>
Net Change in Fund Balances	<u>2,340,858</u>	<u>(429,058)</u>	<u>27,602</u>	<u>1,939,402</u>
<b>Fund Balances (Deficits) -</b>				
Beginning of Year, as reported	5,570,606	(1,409,491)	281,021	4,442,136
Change in Accounting Principle	-	-	-	-
Fund Balances (Deficits) -				
Beginning of Year, as restated	5,570,606	(1,409,491)	281,021	4,442,136
Fund Balances (Deficits) - End of Year	<u>\$ 7,911,464</u>	<u>\$ (1,838,549)</u>	<u>\$ 308,623</u>	<u>\$ 6,381,538</u>

The notes to the financial statements are an integral part of this statement.



2002

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,965,741	\$ -	\$ -	\$ 11,965,741
1,760,063	-	155,756	1,915,819
782,054	-	92,086	874,140
69,664	-	-	69,664
182,373	-	20,976	203,349
1,125,708	-	-	1,125,708
446,831	-	-	446,831
54,458	-	-	54,458
303,900	-	-	303,900
2,354,121	233,367	14,610	2,602,098
29,828	-	-	29,828
104,910	7,748	46,847	159,505
<u>19,179,651</u>	<u>241,115</u>	<u>330,275</u>	<u>19,751,041</u>
2,677,305	-	-	2,677,305
8,255,601	-	-	8,255,601
5,252,387	-	-	5,252,387
2,518,981	-	463,191	2,982,172
-	-	85,141	85,141
-	-	59,109	59,109
-	34,335	-	34,335
-	137,262	-	137,262
-	1,587,269	-	1,587,269
-	64,619	-	64,619
<u>18,704,274</u>	<u>1,823,485</u>	<u>607,441</u>	<u>21,135,200</u>
<u>475,377</u>	<u>(1,582,370)</u>	<u>(277,166)</u>	<u>(1,384,159)</u>
167,204	704,468	339,481	1,211,153
(1,067,950)	(507,873)	(2,000)	(1,577,823)
(900,746)	196,595	337,481	(366,670)
(425,369)	(1,385,775)	60,315	(1,750,829)
4,775,680	(23,716)	204,444	4,956,408
<u>1,220,295</u>	<u>-</u>	<u>16,262</u>	<u>1,236,557</u>
5,995,975	(23,716)	220,706	6,192,965
<u>\$ 5,570,606</u>	<u>\$ (1,409,491)</u>	<u>\$ 281,021</u>	<u>\$ 4,442,136</u>

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City of Rye, New York  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

Amounts reported for governmental activities in the statement of activities are different because:

	<u>2003</u>	<u>2002</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 1,939,402	\$ (1,750,829)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay expenditures capitalized	1,016,808	1,663,617
Depreciation expense	<u>(67,063)</u>	<u>(42,336)</u>
	949,745	1,621,281
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - Real property taxes		
	<u>31,350</u>	<u>(16,681)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Principal paid on bonds	<u>83,590</u>	<u>85,141</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued liabilities	(181,522)	-
Claims payable	(138,408)	75,220
Accrued interest payable	1,090	1,034
Compensated absences payable	25,390	60,086
Retirement incentives and other pension obligations	<u>(46,672)</u>	<u>-</u>
	(340,122)	136,340
Internal service funds are used by management to charge the costs of building building maintenance, vehicle maintenance and risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
	962,312	612,447
Change in Net Assets of Governmental Activities	<u>\$ 3,626,277</u>	<u>\$ 687,699</u>

The notes to the financial statements are an integral part of this statement.

City of Rye, New York  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ 14,063,803	\$ 14,063,803	\$ 14,190,747	\$ 126,944
Non-property tax	1,721,440	1,721,440	1,817,378	95,938
Charges for services	933,847	933,847	1,224,984	291,137
Intergovernmental charges	64,745	64,745	69,139	4,394
Use of money and property	184,600	184,600	161,916	(22,684)
Licenses and permits	936,915	936,915	1,272,106	335,191
Fines and forfeitures	438,435	439,738	500,773	61,035
Sale of property and compensation for loss	2,200	2,200	63,122	60,922
Interfund revenues	407,924	407,924	406,574	(1,350)
State aid	1,924,441	1,934,441	2,692,207	757,766
Federal aid	-	9,000	40,599	31,599
Miscellaneous	8,000	188,094	503,603	315,509
Total Revenues	<u>20,686,350</u>	<u>20,886,747</u>	<u>22,943,148</u>	<u>2,056,401</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Council	58,584	79,780	78,499	1,281
City Manager	412,308	444,750	436,344	8,406
Finance Administration	185,202	181,560	175,564	5,996
General Accounting	300,788	231,044	207,786	23,258
Accounts Payable	109,397	102,315	98,245	4,070
Payroll	81,943	81,574	78,562	3,012
Treasury	173,260	223,443	203,220	20,223
Parking Violation Bureau	42,346	42,396	31,348	11,048
Assessor	327,582	338,414	309,345	29,069
City Clerk	300,736	301,478	271,133	30,345
Records Management	42,127	41,714	32,288	9,426
Parking Administration	30,740	30,762	29,023	1,739
Law	218,378	223,610	223,204	406
Personnel	158,875	158,973	157,638	1,335
Elections	35,267	35,287	27,743	7,544
Management Information Systems	272,948	270,124	258,299	11,825
Contingent Account	225,000	63,091	-	63,091
Total General Government	<u>2,975,481</u>	<u>2,850,315</u>	<u>2,618,241</u>	<u>232,074</u>

2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 11,923,296	\$ 11,923,296	\$ 11,965,741	\$ 42,445
1,743,000	1,743,000	1,760,063	17,063
754,800	763,365	782,054	18,689
58,745	58,745	69,664	10,919
266,188	266,188	182,373	(83,815)
947,002	947,002	1,125,708	178,706
449,960	454,514	446,831	(7,683)
25,700	25,700	54,458	28,758
303,900	303,900	303,900	-
1,750,227	1,751,636	2,354,121	602,485
-	-	29,828	29,828
8,050	42,874	104,910	62,036
<u>18,230,868</u>	<u>18,280,220</u>	<u>19,179,651</u>	<u>899,431</u>
64,657	51,218	44,915	6,303
440,870	496,009	487,213	8,796
172,832	184,401	168,965	15,436
229,861	237,680	202,808	34,872
94,554	100,807	91,056	9,751
72,371	74,325	72,439	1,886
157,383	243,798	221,919	21,879
87,496	69,119	63,371	5,748
343,607	324,273	305,458	18,815
305,897	314,920	293,657	21,263
45,849	53,466	30,446	23,020
33,563	32,937	25,814	7,123
214,257	215,214	210,839	4,375
140,773	163,679	159,627	4,052
41,879	44,950	43,686	1,264
250,919	259,569	255,092	4,477
237,500	83,480	-	83,480
<u>2,934,268</u>	<u>2,949,845</u>	<u>2,677,305</u>	<u>272,540</u>

(Continued)

City of Rye, New York  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Public Safety:</b>				
Police Administration	725,069	691,913	634,645	57,268
Police Patrol	4,205,747	4,141,712	3,949,452	192,260
Police Investigations	588,675	599,743	588,558	11,185
Police Marine Patrol	82,195	99,184	95,554	3,630
Police Youth Services	119,433	128,262	124,826	3,436
Parking Enforcement	141,847	155,170	146,289	8,881
School Crossing Guards	81,400	85,340	85,271	69
Traffic Control	179,948	175,359	169,590	5,769
Fire Prevention and Suppression	2,825,172	2,857,572	2,820,412	37,160
Animal Control	27,253	27,253	27,253	-
Ambulance Service	77,795	78,645	78,645	-
<b>Total Public Safety</b>	<b>9,054,534</b>	<b>9,040,153</b>	<b>8,720,495</b>	<b>319,658</b>
<b>Community Environment:</b>				
Planning	195,515	186,518	166,221	20,297
Engineering	175,363	175,363	150,229	25,134
Building	286,384	286,484	269,979	16,505
Conservation	18,684	18,722	15,112	3,610
Emergency Disaster	-	9,000	3,775	5,225
Public Works Administration	580,923	570,714	563,956	6,758
Street Maintenance	575,660	609,376	608,337	1,039
Snow Removal	550,376	591,775	591,552	223
Street Lighting	209,553	234,922	233,803	1,119
Off-Street Parking	86,418	104,428	104,080	348
Sanitary Sewers	290,720	220,464	217,411	3,053
Storm Drains	143,465	92,659	88,352	4,307
Street Cleaning	74,562	98,373	100,688	(2,315)
Refuse and Garbage	1,425,650	1,464,661	1,466,778	(2,117)
Recycling	389,813	468,036	443,069	24,967
Community Beautification	474,316	448,433	442,204	6,229
Rodent and Insect Control	10,819	5,349	3,530	1,819
Shade Tree Maintenance	389,742	363,692	263,456	100,236
<b>Total Community Environment</b>	<b>5,877,963</b>	<b>5,948,969</b>	<b>5,732,532</b>	<b>216,437</b>

2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
712,918	750,233	701,805	48,428
3,757,419	3,649,474	3,541,480	107,994
572,600	592,670	580,097	12,573
97,456	120,393	111,993	8,400
115,553	124,922	121,627	3,295
127,307	141,347	138,866	2,481
76,354	82,390	81,274	1,116
173,852	203,828	198,896	4,932
2,685,652	2,737,831	2,683,588	54,243
27,117	27,117	26,930	187
69,450	69,450	69,045	405
<u>8,415,678</u>	<u>8,499,655</u>	<u>8,255,601</u>	<u>244,054</u>
210,551	185,454	165,578	19,876
167,720	195,607	134,437	61,170
284,574	257,800	243,839	13,961
32,326	31,158	27,905	3,253
-	-	-	-
549,689	581,994	566,632	15,362
486,526	546,472	502,147	44,325
459,199	314,088	294,709	19,379
213,746	230,933	215,419	15,514
83,415	68,703	65,274	3,429
271,199	310,513	292,854	17,659
123,214	99,700	92,418	7,282
104,405	113,621	111,879	1,742
1,460,569	1,476,536	1,435,524	41,012
429,128	513,730	498,187	15,543
371,697	338,230	323,436	14,794
10,009	1,808	752	1,056
<u>364,756</u>	<u>306,470</u>	<u>281,397</u>	<u>25,073</u>
<u>5,622,723</u>	<u>5,572,817</u>	<u>5,252,387</u>	<u>320,430</u>

(Continued)

City of Rye, New York  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Culture and Recreation:				
Recreation Administration	300,833	299,037	282,779	16,258
Parks and Playgrounds	215,933	263,892	253,141	10,751
Recreation Center	166,056	157,574	144,785	12,789
Recreation Programs	220,221	211,340	205,919	5,421
Camps	321,833	299,585	265,743	33,842
Athletics	173,583	179,507	170,717	8,790
Tennis	97,700	97,025	91,027	5,998
Special Events	68,652	247,976	97,111	150,865
Adult Recreation	85,738	88,216	83,809	4,407
Rye Youth Council	25,000	29,881	29,881	-
Rye Town Park	75,000	80,952	80,952	-
Southeast Consortium	11,554	13,218	13,044	174
Rye Free Reading Room	805,177	805,177	805,177	-
Square House Museum	70,737	70,797	59,624	11,173
Rye Arts Center	2,580	2,580	2,580	-
Special Facilities Administration	97,349	97,569	94,057	3,512
Total Culture and Recreation	<u>2,737,946</u>	<u>2,944,326</u>	<u>2,680,346</u>	<u>263,980</u>
Total Expenditures	<u>20,645,924</u>	<u>20,783,763</u>	<u>19,751,614</u>	<u>1,032,149</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>40,426</u>	<u>102,984</u>	<u>3,191,534</u>	<u>3,088,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	39,034	39,034	-
Transfers out	<u>(827,201)</u>	<u>(889,710)</u>	<u>(889,710)</u>	<u>-</u>
Total Other Financing Uses	<u>(827,201)</u>	<u>(850,676)</u>	<u>(850,676)</u>	<u>-</u>
Net Changes in Fund Balance	<u>(786,775)</u>	<u>(747,692)</u>	<u>2,340,858</u>	<u>3,088,550</u>
Fund Balance - Beginning of Year, as reported	786,775	747,692	5,570,606	4,822,914
Change in Accounting Principle	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>786,775</u>	<u>747,692</u>	<u>5,570,606</u>	<u>4,822,914</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,911,464</u>	<u>\$ 7,911,464</u>

The notes to the financial statements are an integral part of this statement.



2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
266,795	295,479	279,642	15,837
194,263	202,150	196,776	5,374
123,888	109,860	106,653	3,207
182,354	194,640	189,720	4,920
302,794	285,454	281,891	3,563
150,054	150,217	146,757	3,460
89,626	92,382	89,694	2,688
53,689	83,252	72,048	11,204
75,071	79,708	78,561	1,147
25,000	29,450	29,450	-
105,000	90,000	74,766	15,234
11,469	13,111	13,055	56
789,390	789,390	789,390	-
78,360	78,360	73,552	4,808
2,580	2,580	2,580	-
95,136	95,556	94,446	1,110
<u>2,545,469</u>	<u>2,591,589</u>	<u>2,518,981</u>	<u>72,608</u>
<u>19,518,138</u>	<u>19,613,906</u>	<u>18,704,274</u>	<u>909,632</u>
<u>(1,287,270)</u>	<u>(1,333,686)</u>	<u>475,377</u>	<u>1,809,063</u>
-	167,204	167,204	-
<u>(940,773)</u>	<u>(1,068,506)</u>	<u>(1,067,950)</u>	<u>556</u>
<u>(940,773)</u>	<u>(901,302)</u>	<u>(900,746)</u>	<u>556</u>
<u>(2,228,043)</u>	<u>(2,234,988)</u>	<u>(425,369)</u>	<u>1,809,619</u>
2,228,043	2,234,988	4,775,680	2,540,692
-	-	1,220,295	1,220,295
<u>2,228,043</u>	<u>2,234,988</u>	<u>5,995,975</u>	<u>3,760,987</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,570,606</u>	<u>\$ 5,570,606</u>

City of Rye, New York  
Statement of Net Assets  
Proprietary Funds  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Governmental
	Business-type Activities - Enterprise Funds			Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and equivalents	\$ 131,387	\$ 207,345	\$ 338,732	\$ 1,058,020
Investments	830,071	1,148,464	1,978,535	1,160,569
Accounts receivable	-	68,837	68,837	1,308
Due from other funds	-	100	100	3
Due from other governments	-	-	-	29,200
Prepaid expenses	5,843	38,218	44,061	27,108
Total Current Assets	967,301	1,462,964	2,430,265	2,276,208
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Cash and equivalents	-	390,000	390,000	2,600,000
Investments	-	-	-	1,439,941
Total Restricted Assets	-	390,000	390,000	4,039,941
<b>Capital Assets:</b>				
Land	408	1,700,000	1,700,408	-
Buildings	341,930	11,417,551	11,759,481	3,346,644
Improvements	1,032,696	1,739,978	2,772,674	1,767,421
Machinery and equipment	73,388	908,669	982,057	6,220,138
Construction in progress	-	-	-	5,562,252
Less accumulated depreciation	(625,361)	(3,879,102)	(4,504,463)	(5,071,643)
Total Capital Assets (net of accumulated depreciation)	823,061	11,887,096	12,710,157	11,824,812
Total Noncurrent Assets	823,061	12,277,096	13,100,157	15,864,753
Total Assets	1,790,362	13,740,060	15,530,422	18,140,961

2002

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 562,854	\$ 1,222,620	\$ 1,785,474	\$ 414,379
394,153	292,434	686,587	1,113,513
616	22,790	23,406	5,212
1,896	16,817	18,713	32,000
-	-	-	35,864
2,200	11,613	13,813	10,593
<u>961,719</u>	<u>1,566,274</u>	<u>2,527,993</u>	<u>1,611,561</u>
-	-	-	4,700,000
-	-	-	<u>2,015,752</u>
-	-	-	<u>6,715,752</u>
408	1,700,000	1,700,408	-
341,930	11,417,551	11,759,481	2,483,572
940,318	1,612,619	2,552,937	1,767,421
73,388	1,044,386	1,117,774	6,029,776
-	-	-	4,126,047
<u>(562,508)</u>	<u>(3,639,270)</u>	<u>(4,201,778)</u>	<u>(4,653,001)</u>
<u>793,536</u>	<u>12,135,286</u>	<u>12,928,822</u>	<u>9,753,815</u>
<u>793,536</u>	<u>12,135,286</u>	<u>12,928,822</u>	<u>16,469,567</u>
<u>1,755,255</u>	<u>13,701,560</u>	<u>15,456,815</u>	<u>18,081,128</u>

(Continued)

City of Rye, New York  
Statement of Net Assets (Continued)  
Proprietary Funds  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Governmental
	Business-type Activities - Enterprise Funds			Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Totals	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	1,376	27,190	28,566	123,707
Accrued liabilities	331	353	684	176,000
Accrued interest payable	-	67,528	67,528	59,959
Retainage payable	-	-	-	108,023
Due to other funds	7,267	29,195	36,462	30,458
Due to other governments	463	18,663	19,126	-
Compensated absences	1,885	3,678	5,563	5,641
Retirement incentives and other pension obligations	-	7,799	7,799	-
Current Liabilities Payable from Restricted Assets - Bonds payable	-	390,000	390,000	448,475
Total Current Liabilities	11,322	544,406	555,728	952,263
<b>Noncurrent Liabilities:</b>				
Bonds payable	-	4,610,000	4,610,000	9,273,537
Compensated absences	16,966	33,105	50,071	50,767
Retirement incentives and other pension obligations	-	27,345	27,345	-
Total Noncurrent Liabilities	16,966	4,670,450	4,687,416	9,324,304
Total Liabilities	28,288	5,214,856	5,243,144	10,276,567
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	823,061	7,277,096	8,100,157	6,142,741
Unrestricted	939,013	1,248,108	2,187,121	1,721,653
Total Net Assets	\$ 1,762,074	\$ 8,525,204	10,287,278	\$ 7,864,394
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(15,613)	
Net Assets of Business-type Activities			\$ 10,271,665	

The notes to the financial statements are an integral part of this statement.

2002

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
49,329	22,565	71,894	464,277
789	612	1,401	176,150
-	70,802	70,802	62,935
-	-	-	130,064
1,769	5,300	7,069	130,998
-	20,284	20,284	-
1,691	3,419	5,110	5,760
-	-	-	-
-	350,000	350,000	440,910
53,578	472,982	526,560	1,411,094
-	5,000,000	5,000,000	9,722,012
15,221	30,772	45,993	51,841
-	-	-	-
15,221	5,030,772	5,045,993	9,773,853
68,799	5,503,754	5,572,553	11,184,947
793,536	6,785,286	7,578,822	6,306,645
892,920	1,412,520	2,305,440	589,536
\$ 1,686,456	\$ 8,197,806	9,884,262	\$ 6,896,181

(21,515)

\$ 9,862,747

City of Rye, New York  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 479,493	\$ 3,917,658	\$ 4,397,151	\$ 3,079,721
Miscellaneous	2,601	5,129	7,730	34,295
Total Operating Revenues	482,094	3,922,787	4,404,881	3,114,016
<b>OPERATING EXPENSES</b>				
Salaries and wages	161,364	1,149,691	1,311,055	575,063
Employee benefits	43,978	385,830	429,808	193,286
Materials and supplies	44,995	722,747	767,742	507,928
Contractual costs	101,797	622,827	724,624	618,422
Depreciation	62,853	427,643	490,496	662,241
Total Operating Expenses	414,987	3,308,738	3,723,725	2,556,940
Operating Income	67,107	614,049	681,156	557,076
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on sale of equipment	-	(38,523)	(38,523)	31,675
Interest income	8,511	17,201	25,712	29,850
Interest expense	-	(265,329)	(265,329)	(45,758)
Total Non-Operating Revenues (Expenses)	8,511	(286,651)	(278,140)	15,767
Income Before Contributions and Transfers	75,618	327,398	403,016	572,843
Capital grants	-	-	-	-
Transfers in	-	-	-	455,302
Transfers out	-	-	-	(59,932)
Change in Net Assets	75,618	327,398	403,016	968,213
Net Assets - Beginning of Year	1,686,456	8,197,806	9,884,262	6,896,181
Net Assets - End of Year	\$ 1,762,074	\$ 8,525,204	\$ 10,287,278	\$ 7,864,394
Change in Net Assets			\$ 403,016	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			5,902	
Change in Net Assets of Business-type Activities			\$ 408,918	

The notes to the financial statements are an integral part of this statement.

2002

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 474,269	\$ 3,896,711	\$ 4,370,980	\$ 2,586,965
23	4,593	4,616	128,225
<u>474,292</u>	<u>3,901,304</u>	<u>4,375,596</u>	<u>2,715,190</u>
149,977	1,179,017	1,328,994	561,729
38,441	287,435	325,876	178,951
48,440	733,499	781,939	588,319
78,787	527,546	606,333	602,277
52,274	457,543	509,817	613,044
<u>367,919</u>	<u>3,185,040</u>	<u>3,552,959</u>	<u>2,544,320</u>
<u>106,373</u>	<u>716,264</u>	<u>822,637</u>	<u>170,870</u>
-	-	-	52,795
15,206	27,266	42,472	20,306
-	(283,850)	(283,850)	(19,708)
<u>15,206</u>	<u>(256,584)</u>	<u>(241,378)</u>	<u>53,393</u>
121,579	459,680	581,259	224,263
19,500	-	19,500	-
-	-	-	374,000
-	-	-	(7,330)
141,079	459,680	600,759	590,933
<u>1,545,377</u>	<u>7,738,126</u>	<u>9,283,503</u>	<u>6,305,248</u>
<u>\$ 1,686,456</u>	<u>\$ 8,197,806</u>	<u>\$ 9,884,262</u>	<u>\$ 6,896,181</u>
		\$ 600,759	
		(21,515)	
		<u>\$ 579,244</u>	

City of Rye, New York  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 479,493	\$ 3,870,378	\$ 4,349,871	\$ 3,021,511
Cash payments to employees	(203,861)	(1,498,044)	(1,701,905)	(769,692)
Cash payments to vendors	(190,533)	(1,328,563)	(1,519,096)	(1,505,477)
Other operating revenues	2,601	5,129	7,730	34,295
Net Cash Provided by Operating Activities	87,700	1,048,900	1,136,600	780,637
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	-	455,302
Transfers out	-	-	-	(59,932)
Net Cash Provided by Non-Capital Financing Activities	-	-	-	395,370
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	-	-
Acquisition and construction of capital assets	(92,376)	(221,976)	(314,352)	(2,379,004)
Proceeds from capital grants	-	-	-	-
Principal paid on capital debt	-	(350,000)	(350,000)	(440,910)
Interest paid on capital debt	-	(268,603)	(268,603)	(447,943)
Proceeds from sale of capital assets	-	4,000	4,000	31,675
Net Cash Provided by (Used in) Capital and Related Financing Activities	(92,376)	(836,579)	(928,955)	(3,236,182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Income	9,127	18,434	27,561	75,061
Purchase of investments	(812,757)	(3,769,385)	(4,582,142)	(58,870,205)
Sale of investments	376,839	2,913,355	3,290,194	59,398,960
Net Cash Provided by (Used in) Investing Activities	(426,791)	(837,596)	(1,264,387)	603,816
Net Increase (Decrease) in Cash and Equivalents	(431,467)	(625,275)	(1,056,742)	(1,456,359)
Cash and Equivalents - Beginning of Year	562,854	1,222,620	1,785,474	5,114,379
Cash and Equivalents - End of Year	\$ 131,387	\$ 597,345	\$ 728,732	\$ 3,658,020



2002

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 472,189	\$ 3,883,852	\$ 4,356,041	\$ 2,639,733
(187,158)	(1,470,589)	(1,657,747)	(728,631)
(78,866)	(1,362,652)	(1,441,518)	(812,099)
23	4,593	4,616	72,618
<u>206,188</u>	<u>1,055,204</u>	<u>1,261,392</u>	<u>1,171,621</u>
-	-	-	374,000
-	-	-	(7,330)
-	-	-	<u>366,670</u>
-	-	-	5,391,743
(99,153)	(28,142)	(127,295)	(3,178,961)
19,500	-	19,500	-
-	(315,000)	(315,000)	(239,859)
-	(286,895)	(286,895)	(247,349)
-	-	-	52,795
<u>(79,653)</u>	<u>(630,037)</u>	<u>(709,690)</u>	<u>1,778,369</u>
14,612	26,644	41,256	69,239
(3,832,724)	(6,719,955)	(10,552,679)	(33,598,543)
3,690,731	6,842,617	10,533,348	32,801,531
<u>(127,381)</u>	<u>149,306</u>	<u>21,925</u>	<u>(727,773)</u>
(846)	574,473	573,627	2,588,887
563,700	648,147	1,211,847	2,525,492
<u>\$ 562,854</u>	<u>\$ 1,222,620</u>	<u>\$ 1,785,474</u>	<u>\$ 5,114,379</u>

(Continued)

City of Rye, New York  
Statement of Cash Flows ( Continued)  
Proprietary Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			
	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Totals	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 67,107	\$ 614,049	\$ 681,156	\$ 557,076
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	62,853	427,643	490,496	662,241
(Increase) decrease in accounts receivable	-	(47,280)	(47,280)	3,668
(Increase) decrease in due from other funds	1,896	16,717	18,613	31,997
Decrease in due from other governments	-	-	-	6,665
(Increase) decrease in prepaid expenses	(3,643)	(26,605)	(30,248)	(16,515)
Increase (decrease) in accounts payable	(47,955)	4,625	(43,330)	(340,571)
Increase (decrease) in due to other funds	5,498	23,895	29,393	(100,540)
Increase (decrease) in accrued liabilities	(458)	(259)	(717)	(150)
Increase (decrease) in retainage payable	-	-	-	(22,041)
Increase (decrease) in due to other governments	463	(1,621)	(1,158)	-
Decrease in deferred revenues	-	-	-	-
Increase (decrease) in compensated absences	1,939	2,592	4,531	(1,193)
Increase in retirement incentives and other pension obligations	-	35,144	35,144	-
Total Adjustments	<u>20,593</u>	<u>434,851</u>	<u>455,444</u>	<u>223,561</u>
Net Cash Provided by Operating Activities	<u>\$ 87,700</u>	<u>\$ 1,048,900</u>	<u>\$ 1,136,600</u>	<u>\$ 780,637</u>

The notes to the financial statements are an integral part of this statement.

2002

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 106,373	\$ 716,264	\$ 822,637	\$ 170,870
52,274	457,543	509,817	613,044
-	(5,178)	(5,178)	(3,668)
(1,897)	(16,817)	(18,714)	(30,665)
21,500	-	21,500	28,050
338	6,665	7,003	6,231
48,361	(30,948)	17,413	307,783
168	2,590	2,758	127,444
555	280	835	(123,850)
-	(70,659)	(70,659)	70,714
(352)	6,546	6,194	-
(21,500)	-	(21,500)	-
368	(11,082)	(10,714)	5,668
-	-	-	-
<u>99,815</u>	<u>338,940</u>	<u>438,755</u>	<u>1,000,751</u>
\$ 206,188	\$ 1,055,204	\$ 1,261,392	\$ 1,171,621

City of Rye, New York  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
December 31, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and equivalents	<u>\$ 32,360</u>	<u>\$ 28,938</u>
LIABILITIES		
Accounts payable	\$ 364	\$ 10,256
Employee payroll deductions	<u>31,996</u>	<u>18,682</u>
Total Liabilities	<u>\$ 32,360</u>	<u>\$ 28,938</u>

The notes to the financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The City of Rye, New York was incorporated in 1942 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a City Council/Manager form of government. The City Council is the legislative body responsible for overall operation. The City Manager serves as the chief executive officer and the City Comptroller serves as the chief financial officer. The City provides the following services to its residents: public safety, community environment, culture and recreation and general and administrative support.

The accounting policies of the City of Rye, New York conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

**A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government which is the City of Rye, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The City participates in a joint venture for the operation of the Rye Town Park (Park). The Park was established in 1907 by the New York State Legislature pursuant to Chapter 711 of the Laws of 1907. The Park provides recreational activities to the public, and is governed by a Commission, which has full charge and supervision over the capital improvements, operations, and maintenance of the Park. The Commission consists of six members: the Supervisor of the Town of Rye, the Mayor of the City of Rye, the Mayor of the Village of Port Chester, the Mayor of the Village of Rye Brook, one Commissioner appointed by the City Council of the City of Rye, and one Commissioner appointed by the Town Board of the Town of Rye. The City of Rye does not have an equity interest in the Park. The City has an ongoing financial responsibility in that the annual income or loss resulting from the Park's activities is shared proportionally by the City of Rye and the Town of Rye, using a calculation based on their equalized assessed valuation. The City's share of the Park's income or loss for the 2003 fiscal year is not yet available and accordingly, no amounts have been reflected in the financial statements. Complete separate financial statements for the Park may be obtained from the Town of Rye, 10 Pearl Street, Port Chester, New York 10573.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds and the Internal Service Funds are charges to customers for services. Operating expenses for the Enterprise Funds and the Internal Service Funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

**C. Fund Financial Statements**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The City maintains internal service and fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following, which briefly explains the adjustments

**Note 1 - Summary of Significant Accounting Policies (Continued)**

necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

**1. Fund Categories**

- a. **Governmental Funds** - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

**General Fund** - The General Fund constitutes the primary operating fund of the City in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The City also reports the following non-major governmental funds.

**Special Revenue Funds:**

Special Revenue Funds are governmental funds established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The following are the City's special revenue funds:

**Cable TV Fund** - The Cable TV Fund is used to account for revenues received from the franchise holder for public access cable TV programming.

**Nature Center Fund** - The Nature Center Fund is used to account for revenues received from State and Federal grants and the Rye Conservation Society for the operation and maintenance of the Rye Nature Center.

**Permanent Fund** - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. The K.T. Woods Fund is a permanent fund of the City and is used to account for the funding for certain expenditures of the Rye Nature Center.

**Debt Service Fund** - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- b. **Proprietary Funds** - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds are used to account for operations that provide services to other departments or agencies of the government, or other governments, on a cost reimbursement basis. The operations of the Boat Basin and Golf Club Funds are recorded as enterprise funds. The City has established its Risk Retention and Building and Vehicle Maintenance funds as internal service funds. The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise operations.
- c. **Fiduciary Funds** (Not Included in Government-Wide Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A one year availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.



**Note 1 - Summary of Significant Accounting Policies (Continued)**

However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and pension costs are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The City's investment policies are governed by State statutes. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The City utilizes a pooled investment concept for governmental and proprietary funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

**Investments** - All investments are stated at amortized cost, which approximates fair value.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The City collects City and County taxes in one installment in February and April respectively, and they are payable without penalty until the end of the respective month. The Rye Neck Union Free School District taxes attach as an enforceable lien on July 1st. The School District's taxes for the period July 1st to June 30th are due on August 1st, with the first half payable without penalty until August 31st and the second half payable without penalty until November 30th. The City School District of Rye is responsible for collecting taxes until May of the fiscal year, when it becomes the responsibility of the City. The City guarantees the full payment of the County, City of Rye School District and Rye Neck Union Free School District warrants and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The City functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the City to collect County taxes. The City must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district taxes, New York State law and the County charter provide that the City satisfy the warrant of the school districts by May of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates at which time the City must satisfy its obligations to the school districts, regardless of the amounts collected. Since the County tax warrant must be paid in full by October, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2003, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as internal balances.

**Prepaid Expenditures/Expenses** - Prepaid expenses/expenditures consist of health insurance and retirement costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Asset	Life in Years	
	Prior to January 1, 1995	Subsequent to January 1, 1995
Buildings	45	50
Improvements	20	5 - 20
Machinery and equipment	5 - 15	5 - 10
Infrastructure	20	25 - 50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Deferred Revenues** - Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, deferred revenues consist of unearned revenue or revenue from grants received before the eligibility requirements have been met.

Deferred revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported deferred revenues of \$179,699 for real property taxes and \$226,814 for fees received in advance in the General Fund and \$19,600 for a grant received in advance in the Nature Center Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Long-term Liabilities** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount, where applicable. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other

**Note 1 - Summary of Significant Accounting Policies (Continued)**

financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Project Fund expenditures.

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for capital projects, Cable TV purposes, trusts and debt service. The balance is classified as unrestricted.

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, compensated absences, long-term receivable, debt service and non-expendable trusts represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**H. Comparative Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications of prior year financial data have been made to conform with the current year presentation.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The City follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before the seventh day of November, the City Manager submits to the City Council a tentative budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year.
- b) Upon receipt of the Manager's tentative budget and prior to a public hearing, the City Council may, by a vote of at least four members of the City Council, make changes in the tentative budget.
- c) After considering the tentative budget, but not later than the first Wednesday in December and with a public notice published ten days in advance, the City Council holds a public hearing on the proposed budget.
- d) After the public hearing, but not later than December 31st, the City Council adopts the budget presented at the public hearing as submitted or amended. Amendments made between the time of the public hearing and the date of adoption, which increase total estimated revenues or total appropriations, require an affirmative vote of at least five members of the City Council.
- e) Formal budgetary integration is employed during the year as a management control device for General, Special Revenue and Debt Service funds.
- f) Budgets for General, Special Revenue and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Proprietary funds.
- g) The City Manager may, at any time during the fiscal year, transfer part or all of any unencumbered appropriation balance among programs or accounts within a department, office or agency under their supervision, and such transfers shall be reported to the Council at or prior to the next City Council meeting. The City Council may, by resolution, transfer part or all of any unencumbered appropriation balance among programs or accounts of a board or commission or within a department, office or agency, or from one board, commission, department, office or agency to another. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

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**Note 2 - Stewardship, Compliance and Accountability (Continued)**

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

**B. Property Tax Limitation**

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two percent of the five year average full valuation of taxable real estate located within the City. For 2003, the maximum amount which could have been raised was \$59,049,960, which exceeded the levy by \$45,155,712.

**C. Capital Projects Fund Deficit**

The deficit in the Capital Projects Fund of \$1,838,549 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of loans used to finance the construction of capital projects are not recognized as an "other financing source". This deficit will be reduced and eliminated as the loan is converted to permanent financing. Other deficits, where no loans were issued or outstanding to the extent of the deficit, arise because of expenditures exceeding current financing on the project. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds**

**A. Assets**

**Deposits**

The carrying amount of the City's deposits at December 31, 2003 was \$11,828,229, inclusive of Fiduciary Fund deposits of \$32,360. This amount is exclusive of petty cash of \$2,500. The bank balance was \$11,771,606. Of the bank balance, \$332,119 was covered by Federal deposit insurance, \$11,284,365 was covered by collateral held by the trust department of the pledging financial institution in the entity's name and \$155,122 was covered by collateral held by the City's agent, a third party financial institution, in the City's name.

**Investments**

The City participates in a cooperative investment pool established pursuant to General Municipal Law. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the Cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The City's share of these investments at December 31, 2003 was \$5,738,106. This amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System (CLASS).

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

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**Note 3 - Detailed Notes on All Funds (Continued)****B. Taxes Receivable**

Taxes receivable at December 31, 2003 consisted of the following:

City taxes - Current	\$ 164,651
City taxes - Delinquent	566,332
School district taxes - Current	<u>49,438</u>
	<u>\$ 780,421</u>

School district taxes are offset by liabilities to the school district which will be paid no later than May, 2004. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$179,699 which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year. School and County taxes receivable are also reserved in the fund financial statements by a reserve for long-term receivables of \$513,731, which represents an estimate of taxes receivable which will not be collected within the subsequent year.

**C. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2003 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 3,772
	Cable TV Fund	4,289
	Nature Center Fund	1,864
	Boat Basin Fund	7,264
	Golf Club Fund	29,195
	Building and Vehicle Maintenance Fund	<u>30,458</u>
		<u>76,842</u>
Capital Projects Fund	General Fund	<u>1,050</u>
Debt Service Fund	Capital Projects Fund	<u>234</u>
Golf Club Fund	General Fund	<u>100</u>
Building and Vehicle Maintenance Fund	Boat Basin Fund	<u>3</u>
		<u>\$ 78,229</u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)****D. Capital Assets**

Changes in the City's capital assets are as follows:

<u>Class</u>	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
<b>Governmental Activities (Inclusive of Internal Service Funds):</b>				
Capital Assets, not being de- preciated:				
Land	\$ 3,100,000	\$ -	\$ -	\$ 3,100,000
Construction-in-progress	<u>4,458,658</u>	<u>2,344,031</u>	<u>512,593</u>	<u>6,290,096</u>
Total Capital Assets, not being Depreciated	<u>\$ 7,558,658</u>	<u>\$ 2,344,031</u>	<u>\$ 512,593</u>	<u>\$ 9,390,096</u>
Capital Assets, being depreciated:				
Buildings	\$ 2,483,572	\$ 863,072	\$ -	\$ 3,346,644
Improvements	1,767,421	-	-	1,767,421
Machinery and equipment	6,029,776	433,962	243,600	6,220,138
Infrastructure	<u>2,173,680</u>	<u>621,576</u>	<u>-</u>	<u>2,795,256</u>
Total Capital Assets being Depreciated	<u>12,454,449</u>	<u>1,918,610</u>	<u>243,600</u>	<u>14,129,459</u>
Less accumulated depreciation for:				
Buildings	743,139	127,604	-	870,743
Improvements	654,495	95,121	-	749,616
Machinery and equipment	3,255,367	439,517	243,600	3,451,284
Infrastructure	<u>130,284</u>	<u>67,063</u>	<u>-</u>	<u>197,347</u>
Total Accumulated Depreciation	<u>4,783,285</u>	<u>729,305</u>	<u>243,600</u>	<u>5,268,990</u>
Total Capital Assets, being depreciated, net	<u>7,671,164</u>	<u>1,189,305</u>	<u>-</u>	<u>8,860,469</u>
Governmental Activities Capital Assets, net	<u>\$ 15,229,822</u>	<u>\$ 3,533,336</u>	<u>\$ 512,593</u>	<u>\$ 18,250,565</u>



NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003**Note 3 - Detailed Notes on All Funds (Continued)**

<u>Class</u>	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
<b>Business-type Activities:</b>				
Capital Assets, not being de- preciated:				
Land	<u>\$ 1,700,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,408</u>
Capital Assets, being depreciated:				
Buildings	\$ 11,759,481	\$ -	\$ -	\$ 11,759,481
Improvements	2,552,937	219,737	-	2,772,674
Machinery and equipment	<u>1,117,774</u>	<u>94,617</u>	<u>230,334</u>	<u>982,057</u>
Total Capital Assets being Depreciated	<u>15,430,192</u>	<u>314,354</u>	<u>230,334</u>	<u>15,514,212</u>
Less accumulated depreciation for:				
Buildings	2,079,173	297,096	-	2,376,269
Improvements	1,122,937	155,821	-	1,278,758
Machinery and equipment	<u>999,668</u>	<u>37,579</u>	<u>187,811</u>	<u>849,436</u>
Total Accumulated Depreciation	<u>4,201,778</u>	<u>490,496</u>	<u>187,811</u>	<u>4,504,463</u>
Total Capital Assets, being depreciated, net	<u>11,228,414</u>	<u>(176,142)</u>	<u>42,523</u>	<u>11,009,749</u>
Business-type Activities Capital Assets, net	<u>\$ 12,928,822</u>	<u>\$ (176,142)</u>	<u>\$ 42,523</u>	<u>\$ 12,710,157</u>

Depreciation expense was charged to the City's functions and programs as follows:

**Governmental Activities:**

Community Environment	\$ 67,064
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>662,241</u>

Total Depreciation Expense - Governmental Activities \$ 729,305

**Business-type Activities:**

Boat Basin	\$ 62,853
Golf Club	<u>427,643</u>

Total Depreciation Expense - Business-Type Activities \$ 490,496

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)**

**Construction Commitments**

The City has active construction projects as of December 31, 2003. These projects include new construction and renovations to existing properties. At year-end, the City had \$559,162 in construction encumbrances.

**E. Unpaid Claim Liabilities**

The Risk Retention Fund reflects general liability claim liabilities. The various operating funds reflect health benefit claim liabilities. The liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	<u>Year Ended December 31, 2003</u>		<u>Year Ended December 31, 2002</u>	
	<u>General Liability</u>	<u>Health Benefits</u>	<u>General Liability</u>	<u>Health Benefits</u>
Balance - Beginning of Year	\$ 176,000	\$ 260,023	\$ 300,000	\$ 245,107
Provision for Claims and Claims Adjustment Expenditures/Expenses	108,184	2,276,450	120,683	2,244,449
Claims and Claims Adjustment Expenditures/Expenses Paid	<u>(108,184)</u>	<u>(2,327,784)</u>	<u>(244,683)</u>	<u>(2,229,533)</u>
Balance - End of Year	<u>\$ 176,000</u>	<u>\$ 208,689</u>	<u>\$ 176,000</u>	<u>\$ 260,023</u>

The liability for health claims is reflected in the government-wide financial statements as accrued liabilities. In the fund financial statements, deposits in excess of payments by the claims administrator have been reflected as a prepaid expenditure.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)****F. Pension Plans**

The City of Rye, New York participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (Systems). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224.

**Funding Policy** - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and are expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and a regular pension contribution. Contribution rates for the plan year ended March 31, 2004 are as follows:

	<u>Tier/Plan/Option</u>	<u>GTLI</u>	<u>Regular</u>
ERS	1 75I/41J	.4 %	4.5%
	2 75I/41J	.4	4.5
	3 A14/41J	.4	4.5
	4 A15/41J	.4	4.5
	<u>Tier/Plan/Option</u>	<u>GTLI</u>	<u>Regular</u>
PFRS	1 384D/3029D	.1 %	4.5%
	2 384D	.1	4.5

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2003	\$ 245,780	\$ 168,239
2002	65,038	3,795
2001	34,067	3,260

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the City was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)**

<u>Fund</u>	<u>Amount</u>
General	\$ 193,123
Cable TV	3,567
Nature Center	1,715
Capital Projects Fund	2,898
Boat Basin	5,909
Golf Club	13,356
Building and Vehicle Maintenance	<u>25,212</u>
	<u>\$ 245,780</u>

The City also provides benefits to those police officers who retired from service prior to the inception of PFRS. Benefits are calculated pursuant to Section 192 of the Retirement and Social Security Law. It is the policy of the City to fund any benefits from the General Fund Police Department budget. These pension costs for the year ended December 31, 2003 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

**G. Short-Term Capital Borrowings**

The schedule below details the changes in short-term capital borrowings.

	<u>Balance January 1, 2003</u>	<u>Redemptions</u>	<u>Balance December 31, 2003</u>
Loan	<u>\$ 3,100,000</u>	<u>\$ 150,000</u>	<u>\$ 2,950,000</u>

The State of New York has authorized the establishment of the New York State Environmental Facilities Corporation. The Corporation was created in-part to administer a water pollution control revolving fund for purposes of complying with the Clean Water Act. The City originally received a loan from the Corporation in the amount of \$3,100,000. The loan is to be repaid no later than November 2004, without interest. The liability for the loan has been recorded in the Capital Projects Fund.

**H. Long-Term Liabilities**

The changes in the City's long-term liabilities for the year ended December 31, 2003 were as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance January 1, 2003	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2003	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 11,379,500	\$ -	\$ 524,500	\$ 10,855,000	\$ 490,000
Claims Payable	411,635	213,408	75,000	550,043	110,009
Compensated Absences	747,214	48,138	74,721	720,631	72,063
Retirement Incentives and Other Pension Obligations	-	60,763	14,091	46,672	10,358
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 12,538,349</b>	<b>\$ 322,309</b>	<b>\$ 688,312</b>	<b>\$ 12,172,346</b>	<b>\$ 682,430</b>
<b>Business-type Activities:</b>					
Bonds Payable	\$ 5,350,000	\$ -	\$ 350,000	\$ 5,000,000	\$ 390,000
Compensated Absences	51,103	9,641	5,110	55,634	5,563
Retirement Incentives and Other Pension Obligations	-	45,755	10,611	35,144	7,799
<b>Business-type Activities Long-Term Liabilities</b>	<b>\$ 5,401,103</b>	<b>\$ 55,396</b>	<b>\$ 365,721</b>	<b>\$ 5,090,778</b>	<b>\$ 403,362</b>

Each governmental fund's liability for compensated absences and retirement incentive and other pension-obligations is liquidated by the respective fund. Claims liabilities are liquidated by the General Fund. The City's governmental fund indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General Fund.

**Bonds Payable**

Bonds payable at December 31, 2003 are comprised of the following individual issues:

\$3,670,000 - 1990 bonds for various improvements, due in annual installments of \$250,000 in June 2004, \$225,000 in June 2005 and \$50,000 through June 2010; interest at 6.70% for maturities through 2005 and 6.80% for maturities through 2010	\$ 725,000
\$5,400,000 - 1998 bonds for improvements to the golf club, due in annual installments of \$215,000 in September 2004, \$225,000 in September 2005, \$235,000 in September 2006, \$245,000 in September 2007, \$260,000 in September 2008, \$270,000 in September 2009, \$285,000 in September 2010, \$305,000 in September 2011, \$320,000 in September 2012, \$335,000 in September 2013, \$355,000 in September 2014, \$370,000 in September 2015, \$390,000 in September 2016, \$410,000 in September 2017 and \$430,000 in September 2018; interest at rates ranging from 4.20% to 6.30%, depending on maturity	4,650,000

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

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**Note 3 - Detailed Notes on All Funds (Continued)**

\$3,825,000 - 2000 bonds for various public improvements, due in annual installments of \$130,000 in October 2004, \$135,000 in October 2005, \$140,000 in October 2006, \$150,000 in October 2007, \$160,000 in October 2008, \$165,000 in October 2009, \$175,000 in October 2010, \$185,000 in October 2011, \$195,000 in October 2012, \$210,000 in October 2013, \$220,000 in October 2014, \$235,000 in October 2015, \$250,000 in October 2016, \$260,000 in October 2017, \$275,000 in October 2018, \$290,000 in October 2019 and \$305,000 in October 2020; interest at rates ranging from 5.20% to 5.25%, depending on maturity

\$ 3,480,000

\$1,965,000 - 2001 bonds for various public improvements, due in annual installments of \$65,000 in October 2004, \$70,000 in October 2005, \$75,000 through October 2007, \$80,000 in October 2008, \$85,000 in October 2009, \$90,000 in October 2010, \$95,000 through October 2012, \$100,000 in October 2013, \$105,000 in October 2014, \$110,000 in October 2015, \$115,000 in October 2016, \$120,000 in October 2017, \$125,000 in October 2018, \$135,000 in October 2019, \$140,000 in October 2020 and \$145,000 in October 2021; interest at rates ranging from 4.4% to 5.0%, depending on maturity

1,825,000

\$5,389,500 - 2002 bonds for various public improvements, due in annual installments of \$220,000 in December 2004, \$230,000 in December 2005, \$235,000 in December 2006, \$240,000 in December 2007, \$250,000 in December 2008, \$260,000 in December 2009, \$275,000 in December 2010, \$285,000 in December 2011, \$300,000 in December 2012, \$310,000 in December 2013, \$325,000 in December 2014, \$340,000 in December 2015, \$350,000 in December 2016, \$365,000 in December 2017, \$380,000 in December 2018, \$395,000 in December 2019 and \$415,000 in December 2020; interest at rates ranging from 3.25% to 4.25%, depending on maturity

5,175,000

\$ 15,855,000

Interest expenditures of \$60,465 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$59,375 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$265,329 was recorded in the fund financial and government-wide financial statements for the business-type activities - Golf Club Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)****Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2003, including interest payments of \$7,044,885 are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 490,000	\$ 485,178	\$ 390,000	\$ 248,115	\$ 880,000	\$ 733,293
2005	485,000	464,220	400,000	226,060	885,000	690,280
2006	500,000	443,270	235,000	209,348	735,000	652,618
2007	515,000	421,653	245,000	198,078	760,000	619,731
2008	540,000	399,353	260,000	186,288	800,000	585,641
2009-2013	2,925,000	1,636,924	1,515,000	729,495	4,440,000	2,366,419
2014-2018	3,575,000	945,510	1,955,000	309,580	5,530,000	1,255,090
2019-2021	1,825,000	141,813	-	-	1,825,000	141,813
	<u>\$ 10,855,000</u>	<u>\$ 4,937,921</u>	<u>\$ 5,000,000</u>	<u>\$ 2,106,964</u>	<u>\$ 15,855,000</u>	<u>\$ 7,044,885</u>

The above general obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

**Claims Payable**

Claims payable reflects a liability of \$550,043 for court ordered tax certiorari refunds, which were not due and payable at year-end. This amount has been recorded as an expense in the government-wide financial statements.

**Compensated Absences**

Vacation time is generally taken in the year subsequent to the year in which it is earned, although employees may be granted permission to carry over unused vacation time beyond one year. Employees who have ten years of City service may be paid up to 36 days of unused vacation time upon separation of service. For full-time employees other than uniformed police officers, the City will pay accrued sick time to those who retire with twenty years of City service. Such payments will be made at the flat rate of \$80 per day for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. Payments to administrators will be made at the daily rate of pay. Police officers may accrue a maximum of 365 sick days. Upon retirement, police officers who have accumulated sick leave in excess of 220 days shall be paid a lump sum payment equal to two day's pay per year of service to a maximum of 40 days. The value of the compensated absences has been reflected in the government-wide financial statements.

**Retirement Incentives and Other Pension Obligations**

The 2002 Statewide retirement incentive program authorized local governments to offer employees a retirement incentive program. The aggregate cost of the program was \$106,518. Of this amount, \$60,763 is applicable to governmental funds and \$45,755 is applicable to Golf

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)**

Course Enterprise Fund. These amounts were charged to current year expenses in the government-wide financial statements. The balance due at December 31, 2003 was \$81,816.

**I. Revenues, Expenditures and Transfers****Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reflected as transfers.

Transfers Out:	Transfers In				Total
	General	Capital Projects	Non-Major Governmental	Internal Service	
General	\$ -	\$ 302,000	\$ 230,201	\$ 357,509	\$ 889,710
Capital Projects	39,034	370,578	-	97,793	507,405
Non-Major Governmental	-	-	3,000	-	3,000
Internal Service	-	59,932	-	-	59,932
	<u>\$ 39,034</u>	<u>\$ 732,510</u>	<u>\$ 233,201</u>	<u>\$ 455,302</u>	<u>\$ 1,460,047</u>

**J. Post-Employment Health Care Benefits**

In addition to providing pension benefits, the City provides health care benefits for retired employees and their dependents. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution. The cost of providing post-employment healthcare benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as an expenditure as claims are paid. During the year, \$947,865 was paid on behalf of 107 retirees and this amount has been recorded as an expenditure and expense.

**K. Net Assets**

The components of net assets are detailed below:

*Invested in Capital Assets, net of Related Debt* - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Capital Projects* - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.



NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

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**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Cable TV Purposes* - the component of net assets that reports the difference between assets and liabilities of the Cable TV Fund that consist of funds with constraints placed on their use by local statute.

*Restricted for Permanent Fund* - the component of net assets that reports the difference between assets and liabilities of the non-expendable trust, which consists of assets with constraints placed on their use by either external parties.

*Restricted for Debt Service* - the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consist of assets with constraints placed on their use by Local Finance Law.

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**L. Fund Balances**

The City, in accordance with laws of New York State, local charter authorization and generally accepted accounting principles has reserved and designated certain elements of the fund balance. A description of the significant elements are as follows:

**Reserved**

Encumbrances outstanding have been reserved as it is the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures represents health insurance and other costs paid in advance. The reserve indicates that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Compensated Absences has been established pursuant to General Municipal Law to provide funds for the payment of unused sick, holiday and vacation time allowance granted in lieu of overtime compensation and other forms of payment for accrued leave time granted upon termination or separation from service.

The Reserve for Long-Term Receivable represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Debt Service represents a segregation of the fund balance for debt service in accordance with the provisions of the Local Finance Law of the State of New York.

The Reserve for Non-Expendable Trusts represents funds set aside in accordance with the terms of various trust agreements.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

**Note 3 - Detailed Notes on All Funds (Continued)****Components of Unreserved Fund Balance**

The components of unreserved fund balance are as follows:

	Fund			
	General	Capital Projects	Cable T.V.	Nature Center
Designated for Subsequent Year's Expenditures	\$ 1,502,871	\$ -	\$ 29,398	\$ -
Designated for Tax Certiorari	550,043	-	-	-
Designated for Recreation Purposes	481,683	-	-	-
Undesignated	<u>3,323,687</u>	<u>(2,398,472)</u>	<u>142,603</u>	<u>(7,936)</u>
	<u>\$ 5,858,284</u>	<u>\$ (2,398,472)</u>	<u>\$ 172,001</u>	<u>\$ (7,936)</u>

Designated for Tax Certiorari - This designation is used to segregate a portion of the fund balance of the General Fund to be utilized for potential tax certiorari settlements.

Designated for Recreation Purposes - This designation represents fund that the City will use for various recreational programs.

**Note 4 - Summary Disclosure of Significant Contingencies****A. Litigation**

The City, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, malicious prosecution, defamation of character or personal injury. The filing of such claims commences a statutory period for initiating judicial action. Currently, the City is defendant in numerous actions which may or may not exceed insurance limits or are not covered by applicable insurance. Such actions are being defended and no opinion is expressed as to the merits or possible outcome of each case. Payments that may be required as a result of these actions have been included in the assessment and calculation of liabilities in the Risk Retention Fund.

The City is also defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

The City is defendant in an action filed by Home Depot regarding the delayed opening of the superstore in the Village of Port Chester at Rye's border. Most of the traffic impact from the site affects Rye and the City had opposed approval of the project in court. Home Depot seeks \$50 million in damages against the City and individual Council members claiming lost profits and violation of U.S. Code Section 1983. This action is in the final discovery stage and no opinion is expressed as to the probable outcome.

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**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**B. Contingencies**

The City participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures/expenses, which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

**C. Risk Management**

The City's general liability program has a self-insured retention level of \$50,000 per occurrence. Insurance coverage has been secured for losses up to a maximum of \$5 million per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Accrued liabilities in the Risk Retention Fund include provisions for claims reported and claims incurred but not reported (IBNR's).

The City, along with other municipal entities, participates in the Municipal Employee Benefits Consortium (MEBCO). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law. The purpose of the pool is to stabilize the cost of medical benefits provided to employees (see unpaid claim liabilities). MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience. The City pays the pool an annual provision for its health coverage.

Workers' compensation insurance is secured with statutory coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for particular purposes.

Cable TV Fund - This fund is used to account for revenues received from the cable television franchise holder, and expenditures related to public access cable television programming.

Nature Center Fund - This fund is used to account for revenues received from State and Federal grants, and donations from individuals and organizations to be used for the operations of the Rye Nature Center.

### **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

K.T. Woods Fund - This fund is used to account for funds bequeathed to the City from Katherine T. Woods. Under the terms and conditions of the endowment, the interest earned on the principal is to be used to help fund the wages of one or more interns working at the Rye Nature Center.

### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

City of Rye, New York  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003				
	Special Revenue Funds				
	Cable TV Fund	Nature Center Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>ASSETS</b>					
Cash and equivalents	\$ 6,118	\$ 18,391	\$ -	\$ -	\$ 24,509
Investments	95,660	586	-	86,444	182,690
Accounts receivable	87,889	-	-	-	87,889
Due from other funds	-	-	-	234	234
Due from other governments	-	-	-	-	-
Prepaid expenditures	3,160	5,151	-	-	8,311
Investments - restricted	-	-	31,206	-	31,206
<b>Total Assets</b>	<b>\$ 192,827</b>	<b>\$ 24,128</b>	<b>\$ 31,206</b>	<b>\$ 86,678</b>	<b>\$ 334,839</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 116	\$ 67	\$ -	\$ -	\$ 183
Accrued liabilities	280	-	-	-	280
Due to other funds	4,289	1,864	-	-	6,153
Deferred revenues	-	19,600	-	-	19,600
<b>Total Liabilities</b>	<b>4,685</b>	<b>21,531</b>	<b>-</b>	<b>-</b>	<b>26,216</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for encumbrances	-	388	-	-	388
Reserved for prepaid expenditures	3,160	5,151	-	-	8,311
Reserved for compensated absences	12,981	4,994	-	-	17,975
Reserved for debt service	-	-	-	86,678	86,678
Reserved for trust	-	-	31,206	-	31,206
Unreserved:					
Designated for subsequent year's expenditures	29,398	-	-	-	29,398
Undesignated	142,603	(7,936)	-	-	134,667
<b>Total Fund Balances</b>	<b>188,142</b>	<b>2,597</b>	<b>31,206</b>	<b>86,678</b>	<b>308,623</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 192,827</b>	<b>\$ 24,128</b>	<b>\$ 31,206</b>	<b>\$ 86,678</b>	<b>\$ 334,839</b>

2002

Special Revenue Funds				
Cable TV Fund	Nature Center Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 2,082	\$ 8,995	\$ -	\$ -	\$ 11,077
68,960	1,842	-	79,572	150,374
78,650	-	-	-	78,650
722	1,879	-	771	3,372
-	11,489	-	-	11,489
848	2,730	-	-	3,578
-	-	33,891	-	33,891
<u>\$ 151,262</u>	<u>\$ 26,935</u>	<u>\$ 33,891</u>	<u>\$ 80,343</u>	<u>\$ 292,431</u>
\$ 2,167	\$ 5,246	\$ -	\$ -	\$ 7,413
287	736	-	-	1,023
1,110	1,864	-	-	2,974
-	-	-	-	-
<u>3,564</u>	<u>7,846</u>	<u>-</u>	<u>-</u>	<u>11,410</u>
1,560	388	-	-	1,948
848	2,730	-	-	3,578
9,076	4,565	-	-	13,641
-	-	-	80,343	80,343
-	-	33,891	-	33,891
-	95	-	-	95
136,214	11,311	-	-	147,525
<u>147,698</u>	<u>19,089</u>	<u>33,891</u>	<u>80,343</u>	<u>281,021</u>
<u>\$ 151,262</u>	<u>\$ 26,935</u>	<u>\$ 33,891</u>	<u>\$ 80,343</u>	<u>\$ 292,431</u>

City of Rye, New York  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003				
	Special Revenue Funds				
	Cable TV Fund	Nature Center Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>REVENUES</b>					
Non-property taxes	\$ 167,455	\$ -	\$ -	\$ -	\$ 167,455
Charges for services	-	15,430	-	-	15,430
Use of money and property	901	357	265	6,333	7,856
State aid	-	3,829	-	-	3,829
Miscellaneous	29,715	4,066	50	-	33,831
Total Revenues	<u>198,071</u>	<u>23,682</u>	<u>315</u>	<u>6,333</u>	<u>228,401</u>
<b>EXPENDITURES</b>					
Current:					
Culture and Recreation:					
Salaries and wages	90,303	41,276	-	-	131,579
Equipment	29,480	-	-	-	29,480
Materials and supplies	8,889	6,729	-	-	15,618
Contractual costs	9,981	47,684	-	-	57,665
Employee benefits	18,974	33,629	-	-	52,603
	<u>157,627</u>	<u>129,318</u>	<u>-</u>	<u>-</u>	<u>286,945</u>
Debt Service:					
Principal	-	-	-	83,590	83,590
Interest	-	-	-	60,465	60,465
Total Expenditures	<u>157,627</u>	<u>129,318</u>	<u>-</u>	<u>144,055</u>	<u>431,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,444</u>	<u>(105,636)</u>	<u>315</u>	<u>(137,722)</u>	<u>(202,599)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	89,144	-	144,057	233,201
Transfers out	-	-	(3,000)	-	(3,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>89,144</u>	<u>(3,000)</u>	<u>144,057</u>	<u>230,201</u>
Net Change in Fund Balances	<u>40,444</u>	<u>(16,492)</u>	<u>(2,685)</u>	<u>6,335</u>	<u>27,602</u>
Fund Balances - Beginning of Year, as reported	147,698	19,089	33,891	80,343	281,021
Change in Accounting Principle	-	-	-	-	-
Fund Balances - Beginning of Year, as restated	<u>147,698</u>	<u>19,089</u>	<u>33,891</u>	<u>80,343</u>	<u>281,021</u>
Fund Balances - End of Year	<u>\$ 188,142</u>	<u>\$ 2,597</u>	<u>\$ 31,206</u>	<u>\$ 86,678</u>	<u>\$ 308,623</u>



2002

Special Revenue Funds				
Cable TV Fund	Nature Center Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 155,756	\$ -	\$ -	\$ -	\$ 155,756
-	92,086	-	-	92,086
1,450	1,300	533	17,693	20,976
-	14,610	-	-	14,610
24,192	22,655	-	-	46,847
<u>181,398</u>	<u>130,651</u>	<u>533</u>	<u>17,693</u>	<u>330,275</u>
97,702	160,938	-	-	258,640
31,808	4,668	-	-	36,476
7,188	26,910	-	-	34,098
13,864	53,095	-	-	66,959
16,734	50,284	-	-	67,018
<u>167,296</u>	<u>295,895</u>	<u>-</u>	<u>-</u>	<u>463,191</u>
-	-	-	85,141	85,141
-	-	-	59,109	59,109
<u>167,296</u>	<u>295,895</u>	<u>-</u>	<u>144,250</u>	<u>607,441</u>
<u>14,102</u>	<u>(165,244)</u>	<u>533</u>	<u>(126,557)</u>	<u>(277,166)</u>
-	161,750	-	177,731	339,481
-	-	(2,000)	-	(2,000)
-	<u>161,750</u>	<u>(2,000)</u>	<u>177,731</u>	<u>337,481</u>
<u>14,102</u>	<u>(3,494)</u>	<u>(1,467)</u>	<u>51,174</u>	<u>60,315</u>
125,088	14,829	35,358	29,169	204,444
8,508	7,754	-	-	16,262
<u>133,596</u>	<u>22,583</u>	<u>35,358</u>	<u>29,169</u>	<u>220,706</u>
<u>\$ 147,698</u>	<u>\$ 19,089</u>	<u>\$ 33,891</u>	<u>\$ 80,343</u>	<u>\$ 281,021</u>

City of Rye, New York  
Cable TV Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Non-property taxes	\$ 155,000	\$ 155,000	\$ 167,455	\$ 12,455
Use of money and property	1,200	1,200	901	(299)
Miscellaneous	24,501	24,501	29,715	5,214
Total Revenues	<u>180,701</u>	<u>180,701</u>	<u>198,071</u>	<u>17,370</u>
<b>EXPENDITURES</b>				
Current -				
Culture and Recreation:				
Salaries and wages	91,515	91,515	90,303	1,212
Equipment	29,560	30,760	29,480	1,280
Materials and supplies	10,665	10,965	8,889	2,076
Contractual costs	17,944	16,444	9,981	6,463
Employee benefits	21,454	21,454	18,974	2,480
Total Expenditures	<u>171,138</u>	<u>171,138</u>	<u>157,627</u>	<u>13,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,563</u>	<u>9,563</u>	<u>40,444</u>	<u>30,881</u>
Fund Balance - Beginning of Year, as reported	(9,563)	(9,563)	147,698	157,261
Change in Accounting Principle	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>(9,563)</u>	<u>(9,563)</u>	<u>147,698</u>	<u>157,261</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,142</u>	<u>\$ 188,142</u>

2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 140,000	\$ 140,000	\$ 155,756	\$ 15,756
1,500	1,500	1,450	(50)
24,000	24,000	24,192	192
<u>165,500</u>	<u>165,500</u>	<u>181,398</u>	<u>15,898</u>
90,495	98,270	97,702	568
37,640	35,730	31,808	3,922
10,330	10,515	7,188	3,327
18,172	18,122	13,864	4,258
17,223	17,682	16,734	948
<u>173,860</u>	<u>180,319</u>	<u>167,296</u>	<u>13,023</u>
<u>(8,360)</u>	<u>(14,819)</u>	<u>14,102</u>	<u>28,921</u>
8,360	14,819	125,088	110,269
-	-	8,508	8,508
<u>8,360</u>	<u>14,819</u>	<u>133,596</u>	<u>118,777</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,698</u>	<u>\$ 147,698</u>

City of Rye, New York  
Nature Center Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Charges for services	\$ 37,190	\$ 37,190	\$ 15,430	\$ (21,760)
Use of money and property	1,000	1,000	357	(643)
State aid	-	-	3,829	3,829
Miscellaneous	-	-	4,066	4,066
Total Revenues	<u>38,190</u>	<u>38,190</u>	<u>23,682</u>	<u>(14,508)</u>
<b>EXPENDITURES</b>				
Current -				
Culture and Recreation:				
Salaries and wages	46,500	41,324	41,276	48
Equipment	750	75	-	75
Materials and supplies	9,028	7,207	6,729	478
Contractual costs	49,538	47,930	47,684	246
Employee benefits	<u>24,623</u>	<u>33,903</u>	<u>33,629</u>	<u>274</u>
Total Expenditures	<u>130,439</u>	<u>130,439</u>	<u>129,318</u>	<u>1,121</u>
Deficiency of Revenues Over Expenditures	(92,249)	(92,249)	(105,636)	(13,387)
<b>OTHER FINANCING SOURCES -</b>				
Transfers in	<u>89,144</u>	<u>89,144</u>	<u>89,144</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,105)</u>	<u>(3,105)</u>	<u>(16,492)</u>	<u>(13,387)</u>
Fund Balance - Beginning of Year, as reported	3,105	3,105	19,089	15,984
Change in Accounting Principle	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>3,105</u>	<u>3,105</u>	<u>19,089</u>	<u>15,984</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,597</u>	<u>\$ 2,597</u>

2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 125,680	\$ 125,680	\$ 92,086	\$ (33,594)
3,000	3,000	1,300	(1,700)
15,022	15,022	14,610	(412)
20,700	22,720	22,655	(65)
<u>164,402</u>	<u>166,422</u>	<u>130,651</u>	<u>(35,771)</u>
176,925	175,234	160,938	14,296
4,550	5,230	4,668	562
42,160	42,180	26,910	15,270
56,412	56,412	53,095	3,317
50,864	53,875	50,284	3,591
<u>330,911</u>	<u>332,931</u>	<u>295,895</u>	<u>37,036</u>
(166,509)	(166,509)	(165,244)	1,265
<u>161,750</u>	<u>161,750</u>	<u>161,750</u>	<u>-</u>
<u>(4,759)</u>	<u>(4,759)</u>	<u>(3,494)</u>	<u>1,265</u>
4,759	4,759	14,829	10,070
-	-	7,754	7,754
<u>4,759</u>	<u>4,759</u>	<u>22,583</u>	<u>17,824</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,089</u>	<u>\$ 19,089</u>

City of Rye, New York  
K.T. Woods Permanent Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 265	\$ 265
Miscellaneous	-	-	50	50
Total Revenues	-	-	315	315
<b>OTHER FINANCING USES - Transfers out</b>	(3,000)	(3,000)	(3,000)	-
Net Change in Fund Balance	(3,000)	(3,000)	(2,685)	315
Fund Balance - Beginning of Year	3,000	3,000	33,891	30,891
Fund Balance - End of Year	\$ -	\$ -	\$ 31,206	\$ 31,206

2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 533	\$ 533
-	-	-	-
-	-	533	533
(2,000)	(2,000)	(2,000)	-
(2,000)	(2,000)	(1,467)	533
2,000	2,000	35,358	33,358
\$ -	\$ -	\$ 33,891	\$ 33,891

City of Rye, New York  
Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES - Use of money and property	\$ -	\$ -	\$ 6,333	\$ 6,333
EXPENDITURES				
Debt Service:				
Principal	83,590	83,590	83,590	-
Interest	60,467	60,467	60,465	2
Total Expenditures	144,057	144,057	144,055	2
Deficiency of Revenues Over Expenditures	(144,057)	(144,057)	(137,722)	6,331
OTHER FINANCING SOURCES -				
Transfers In	144,057	144,057	144,057	-
Net Change in Fund Balance	-	-	6,335	6,335
Fund Balance - Beginning of Year	-	-	80,343	80,343
Fund Balance - End of Year	\$ -	\$ -	\$ 86,678	\$ 86,678



2002

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,693</u>	<u>\$ 17,693</u>
81,984	85,610	85,141	469
60,039	63,743	59,109	4,634
<u>142,023</u>	<u>149,353</u>	<u>144,250</u>	<u>5,103</u>
(142,023)	(149,353)	(126,557)	12,590
<u>142,023</u>	<u>149,353</u>	<u>177,731</u>	<u>28,378</u>
-	-	51,174	51,174
-	-	29,169	29,169
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,343</u>	<u>\$ 80,343</u>

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**CAPITAL PROJECTS FUND  
PROJECT-LENGTH SCHEDULE**

City of Rye, New York  
Capital Projects Fund  
Project-Length Schedule  
Inception of Project Through December 31, 2003

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses			Unexpended Balance
				Prior Years	Current Year	Total	
501355	GIS	1997	\$ 271,724	\$ 145,667	\$ 64,597	\$ 210,264	\$ 61,460
501686	Network Topology	2001	112,000	111,599	401	112,000	-
503302	Purchase Street Traffic Signal	1999	100,650	26,396	74,254	100,650	-
503303	Theo Fremd Road Traffic Signal	1999	16,909	1,709	15,200	16,909	-
503306	Grace Church Street Traffic Signal	2000	238,023	137,228	80,860	218,088	19,935
503308	Peck Avenue Road Widening	2000	42,376	36,924	2,851	39,775	2,601
503310	Bonded Signal Projects	2000	191,316	48,210	143,104	191,314	2
503316	Miscellaneous Traffic Safety Improvements	2002	33,510	22,374	11,136	33,510	-
503317	Bonded Signal Projects	2001	270,712	14,999	245,612	260,611	10,101
503318	Bonded Signal Projects	2003	180,000	-	9,509	9,509	170,491
503319	Purchase Street Traffic Signal	2003	89,454	-	63,403	63,403	26,051
505000	Land Acquisition	2000	3,286,476	3,279,146	3,566	3,282,712	3,764
505001	Rye Nursery Wetlands Restoration	2003	1,615,150	-	-	-	1,615,150
505104	Boston Post Road Rock Slide	1998	778,299	778,197	102	778,299	-
505124	Annual Street Resurfacing Program	2001	385,254	330,269	54,985	385,254	-
505126	Central Business District Parking Study	2000	57,460	24,360	33,100	57,460	-
505127	Annual Street Resurfacing Program	2002	426,521	257,664	168,857	426,521	-
505128	Annual Sidewalk Replacement Program	2002	77,349	25,051	26,395	51,446	25,903
505130	Annual Street Resurfacing Program	2003	240,000	-	26,384	26,384	213,616
505131	Annual Sidewalk Replacement Program	2003	50,098	-	5,172	5,172	44,926
505132	Theall Road Design	2003	60,000	-	50,040	50,040	9,960
505200	Annual Drainage Improvement Program	2003	92,295	-	15,860	15,860	76,435
505201	Kirby Lane Sewer	2003	1,500,000	-	732	732	1,499,268
505202	Annual Sewer Improvement Program	2003	142,000	-	19,665	19,665	122,335
505203	Sewer Pump Stations Improvements	2003	137,000	-	27,169	27,169	109,831
505204	Peck Avenue Pump Station	2003	163,000	-	87	87	162,913
505222	Garden Drive Sewer Replacement	1996	123,293	26,858	2,075	28,933	94,360
505228	Summit Avenue Sewer Improvement	1998	158,583	153,152	5,431	158,583	-
505229	Peck Avenue Pump Station	1999	59,138	17,125	4,081	21,206	37,932
505251	Cowles Avenue Drain	2000	68,887	34,098	34,785	68,883	4
505252	Grapal Street Drain	2000	206,621	104,487	102,134	206,621	-
505256	Miscellaneous Drainage Improvements	2001	97,208	63,564	-	63,564	33,644
505257	North Kirby Lane Drain	2001	195,000	58,692	15,385	74,077	120,923
505258	LaSalle Avenue Drain	2001	30,249	249	-	249	30,000
505259	Miscellaneous Drainage Improvements	2002	96,222	14,108	82,114	96,222	-
507105	Recreation Master Plan	2001	74,100	48,783	18,765	67,548	6,552
507106	Recreation Park Lighting	2001	95,000	11,969	83,031	95,000	-
507107	Recreation Park Lower Playground	2001	65,539	539	-	539	65,000
507108	Feeley Field Sprinkler System	2001	30,289	26,051	4,235	30,286	3
507109	Morehead Footbridge	2001	20,166	166	-	166	20,000
507110	Gagliardo Park Improvements - CDBG	2001	121,932	-	116,340	116,340	5,592
			<u>\$ 11,999,803</u>	<u>\$ 5,799,634</u>	<u>\$ 1,611,417</u>	<u>\$ 7,411,051</u>	<u>\$ 4,588,752</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)	
Prior Years	Current Year	Total	at December 31, 2003	Loans Payable
\$ 271,724	\$ -	\$ 271,724	\$ 61,460	\$ -
112,000	-	112,000	-	-
100,650	-	100,650	-	-
16,909	-	16,909	-	-
238,023	-	238,023	19,935	-
42,376	-	42,376	2,601	-
179,061	12,255	191,316	2	-
33,238	272	33,510	-	-
270,712	-	270,712	10,101	-
-	120,000	120,000	110,491	-
-	89,454	89,454	26,051	-
186,476	150,000	336,476	(2,946,236)	2,950,000
-	-	-	-	-
778,299	-	778,299	-	-
385,254	-	385,254	-	-
57,460	-	57,460	-	-
371,536	54,985	426,521	-	-
77,349	-	77,349	25,903	-
-	237,850	237,850	211,466	-
-	50,098	50,098	44,926	-
-	60,000	60,000	9,960	-
-	92,295	92,295	76,435	-
-	-	-	(732)	-
-	142,000	142,000	122,335	-
-	-	-	(27,169)	-
-	-	-	(87)	-
123,293	-	123,293	94,360	-
158,583	-	158,583	-	-
59,138	-	59,138	37,932	-
53,027	15,860	68,887	4	-
171,302	35,319	206,621	-	-
97,208	-	97,208	33,644	-
195,000	-	195,000	120,923	-
30,249	-	30,249	30,000	-
96,222	-	96,222	-	-
74,100	-	74,100	6,552	-
95,000	-	95,000	-	-
65,539	-	65,539	65,000	-
30,249	40	30,289	3	-
20,166	-	20,166	20,000	-
-	121,931	121,931	5,591	-
<u>\$ 4,390,143</u>	<u>\$ 1,182,359</u>	<u>\$ 5,572,502</u>	<u>\$ (1,838,549)</u>	<u>\$ 2,950,000</u>

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## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds of the City are as follows:

- The Risk Retention Fund is used to account for general liability insurance and risk management activities.
- The Building and Vehicle Maintenance Fund is used to account for the acquisition, operation, maintenance and disposition of the City's buildings and vehicles which are not otherwise accounted for in other funds.

City of Rye, New York  
Internal Service Funds  
Combining Statement of Net Assets  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and equivalents	\$ -	\$ 1,058,020	\$ 1,058,020
Investments	345,817	814,752	1,160,569
Accounts receivable	-	1,308	1,308
Due from other funds	-	3	3
Due from other governments	-	29,200	29,200
Prepaid expenses	-	27,108	27,108
Total Current Assets	<u>345,817</u>	<u>1,930,391</u>	<u>2,276,208</u>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets:</b>			
Cash and equivalents	-	2,600,000	2,600,000
Investments	-	1,439,941	1,439,941
Total Restricted Assets	<u>-</u>	<u>4,039,941</u>	<u>4,039,941</u>
<b>Capital Assets:</b>			
Buildings	-	3,346,644	3,346,644
Improvements	-	1,767,421	1,767,421
Machinery and equipment	-	6,220,138	6,220,138
Construction in progress	-	5,562,252	5,562,252
Less - Accumulated depreciation	-	(5,071,643)	(5,071,643)
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>11,824,812</u>	<u>11,824,812</u>
Total Noncurrent Assets	<u>-</u>	<u>15,864,753</u>	<u>15,864,753</u>
Total Assets	<u>345,817</u>	<u>17,795,144</u>	<u>18,140,961</u>



2002		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 200,000	\$ 214,379	\$ 414,379
210,189	903,324	1,113,513
3,915	1,297	5,212
-	32,000	32,000
-	35,864	35,864
-	10,593	10,593
<u>414,104</u>	<u>1,197,457</u>	<u>1,611,561</u>
-	4,700,000	4,700,000
-	<u>2,015,752</u>	<u>2,015,752</u>
-	<u>6,715,752</u>	<u>6,715,752</u>
-	2,483,572	2,483,572
-	1,767,421	1,767,421
-	6,029,776	6,029,776
-	4,126,047	4,126,047
-	<u>(4,653,001)</u>	<u>(4,653,001)</u>
-	<u>9,753,815</u>	<u>9,753,815</u>
-	<u>16,469,567</u>	<u>16,469,567</u>
<u>414,104</u>	<u>17,667,024</u>	<u>18,081,128</u>

(Continued)

City of Rye, New York  
Internal Service Funds  
Combining Statement of Net Assets (Continued)  
December 31, 2003  
(With Comparative Amounts for 2002)

	2003		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	4,071	119,636	123,707
Accrued liabilities	176,000	-	176,000
Accrued interest payable	-	59,959	59,959
Retainage payable	-	108,023	108,023
Due to other funds	-	30,458	30,458
Compensated absences	-	5,641	5,641
Current liabilities payable from restricted assets:			
Bonds payable	-	448,475	448,475
<b>Total Current Liabilities</b>	<b>180,071</b>	<b>772,192</b>	<b>952,263</b>
<b>Noncurrent Liabilities:</b>			
Bonds payable	-	9,273,537	9,273,537
Compensated absences	-	50,767	50,767
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>9,324,304</b>	<b>9,324,304</b>
<b>Total Liabilities</b>	<b>180,071</b>	<b>10,096,496</b>	<b>10,276,567</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	6,142,741	6,142,741
Unrestricted	165,746	1,555,907	1,721,653
<b>Total Net Assets</b>	<b>\$ 165,746</b>	<b>\$ 7,698,648</b>	<b>\$ 7,864,394</b>

2002		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
12,024	452,253	464,277
176,000	150	176,150
-	62,935	62,935
-	130,064	130,064
124,000	6,998	130,998
-	5,760	5,760
-	440,910	440,910
312,024	1,099,070	1,411,094
-	9,722,012	9,722,012
-	51,841	51,841
-	9,773,853	9,773,853
312,024	10,872,923	11,184,947
-	6,306,645	6,306,645
102,080	487,456	589,536
\$ 102,080	\$ 6,794,101	\$ 6,896,181

City of Rye, New York  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 521,000	\$ 2,558,721	\$ 3,079,721
Miscellaneous	34,295	-	34,295
Total Operating Revenues	<u>555,295</u>	<u>2,558,721</u>	<u>3,114,016</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	575,063	575,063
Employee benefits	-	193,286	193,286
Materials and supplies	-	507,928	507,928
Contractual costs	495,443	122,979	618,422
Depreciation	-	662,241	662,241
Total Operating Expenses	<u>495,443</u>	<u>2,061,497</u>	<u>2,556,940</u>
Operating Income (Loss)	<u>59,852</u>	<u>497,224</u>	<u>557,076</u>
<b>NON-OPERATING REVENUES</b>			
Gain on sale of equipment	-	31,675	31,675
Interest income	3,814	26,036	29,850
Interest expense	-	(45,758)	(45,758)
Total Non-Operating Revenues	<u>3,814</u>	<u>11,953</u>	<u>15,767</u>
Income (Loss) Before Transfers	63,666	509,177	572,843
Transfers in	-	455,302	455,302
Transfers out	-	(59,932)	(59,932)
Change in Net Assets	63,666	904,547	968,213
Net Assets - Beginning of Year	102,080	6,794,101	6,896,181
Net Assets - End of Year	<u>\$ 165,746</u>	<u>\$ 7,698,648</u>	<u>\$ 7,864,394</u>

2002		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 252,100	\$ 2,334,865	\$ 2,586,965
127,668	557	128,225
<u>379,768</u>	<u>2,335,422</u>	<u>2,715,190</u>
-	561,729	561,729
-	178,951	178,951
-	588,319	588,319
492,462	109,815	602,277
-	613,044	613,044
<u>492,462</u>	<u>2,051,858</u>	<u>2,544,320</u>
<u>(112,694)</u>	<u>283,564</u>	<u>170,870</u>
-	52,795	52,795
7,839	12,467	20,306
-	(19,708)	(19,708)
<u>7,839</u>	<u>45,554</u>	<u>53,393</u>
(104,855)	329,118	224,263
-	374,000	374,000
-	(7,330)	(7,330)
<u>(104,855)</u>	<u>695,788</u>	<u>590,933</u>
<u>206,935</u>	<u>6,098,313</u>	<u>6,305,248</u>
<u>\$ 102,080</u>	<u>\$ 6,794,101</u>	<u>\$ 6,896,181</u>

City of Rye, New York  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

	2003		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from charges to other funds	\$ 400,668	\$ 2,620,843	\$ 3,021,511
Cash payments to employees	-	(769,692)	(769,692)
Cash payments to vendors	(503,397)	(1,002,080)	(1,505,477)
Other operating revenues	34,295	-	34,295
Net Cash Provided by (Used in) Operating Activities	<u>(68,434)</u>	<u>849,071</u>	<u>780,637</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	455,302	455,302
Transfers out	-	(59,932)	(59,932)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>395,370</u>	<u>395,370</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital debt	-	-	-
Acquisition and construction of capital assets	-	(2,379,004)	(2,379,004)
Principal paid on capital debt	-	(440,910)	(440,910)
Interest paid on capital debt	-	(447,943)	(447,943)
Proceeds from sale of capital assets	-	31,675	31,675
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>(3,236,182)</u>	<u>(3,236,182)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	4,062	70,999	75,061
Purchase of investments	(867,132)	(58,003,073)	(58,870,205)
Sale of investments	731,504	58,667,456	59,398,960
Net Cash Provided by (Used in) Investing Activities	<u>(131,566)</u>	<u>735,382</u>	<u>603,816</u>
Net Increase (Decrease) in Cash and Equivalents	(200,000)	(1,256,359)	(1,456,359)
Cash and Equivalents, Beginning of Year	200,000	4,914,379	5,114,379
Cash and Equivalents, End of Year	<u>\$ -</u>	<u>\$ 3,658,020</u>	<u>\$ 3,658,020</u>

2002

Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 376,100	\$ 2,263,633	\$ 2,639,733
-	(728,631)	(728,631)
(480,439)	(331,660)	(812,099)
-	72,618	72,618
(104,339)	1,275,960	1,171,621
-	374,000	374,000
-	(7,330)	(7,330)
-	366,670	366,670
-	5,391,743	5,391,743
-	(3,178,961)	(3,178,961)
-	(239,859)	(239,859)
-	(247,349)	(247,349)
-	52,795	52,795
-	1,778,369	1,778,369
7,672	61,567	69,239
(2,184,825)	(31,413,718)	(33,598,543)
2,279,779	30,521,752	32,801,531
102,626	(830,399)	(727,773)
(1,713)	2,590,600	2,588,887
201,713	2,323,779	2,525,492
\$ 200,000	\$ 4,914,379	\$ 5,114,379

(Continued)

City of Rye, New York  
Combining Statement of Cash Flows (continued)  
Internal Service Funds  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income (Loss)	\$ 59,852	\$ 497,224	\$ 557,076
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	662,241	662,241
(Increase) decrease in accounts receivable	3,668	-	3,668
(Increase) decrease in due from other funds	-	31,997	31,997
Decrease in due from other governments	-	6,665	6,665
(Increase) decrease in prepaid expenses	-	(16,515)	(16,515)
Increase (decrease) in accounts payable	(7,954)	(332,617)	(340,571)
Increase (decrease) in due to other funds	(124,000)	23,460	(100,540)
Increase (decrease) in accrued liabilities	-	(150)	(150)
Increase (decrease) in retainage payable	-	(22,041)	(22,041)
Increase (decrease) in compensated absences	-	(1,193)	(1,193)
Total Adjustments	(128,286)	351,847	223,561
Net Cash Provided by (Used in) Operating Activities	\$ (68,434)	\$ 849,071	\$ 780,637



\$	(112,694)	\$	283,564	\$	170,870
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-	613,044	613,044
(3,668)	-	(3,668)
-	(30,665)	(30,665)
-	28,050	28,050
-	6,231	6,231
12,023	295,760	307,783
124,000	3,444	127,444
(124,000)	150	(123,850)
-	70,714	70,714
-	5,668	5,668
<u>8,355</u>	<u>992,396</u>	<u>1,000,751</u>

\$	(104,339)	\$	1,275,960	\$	1,171,621
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City of Rye, New York  
Statement of Changes in Assets and Liabilities  
Fiduciary Funds - Agency Fund  
Year Ended December 31, 2003

	Balance January 1, 2003	Increases	Decreases	Balance December 31, 2003
<b><u>ASSETS</u></b>				
Cash and Equivalents	\$ 28,938	\$ 14,760,169	\$ 14,756,747	\$ 32,360
Accounts Receivable	-	51,292	51,292	-
Due From Other Funds	-	12,894,450	12,894,450	-
Prepaid Expenses	-	259,558	259,558	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 28,938</u>	<u>\$ 27,965,469</u>	<u>\$ 27,962,047</u>	<u>\$ 32,360</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 10,256	\$ 839,168	\$ 849,060	\$ 364
Net Payroll	-	8,075,571	8,075,571	-
Employee Payroll Deductions	18,682	5,361,549	5,348,235	31,996
	<u>18,682</u>	<u>5,361,549</u>	<u>5,348,235</u>	<u>31,996</u>
Total Liabilities	<u>\$ 28,938</u>	<u>\$ 14,276,288</u>	<u>\$ 14,272,866</u>	<u>\$ 32,360</u>

The notes to the financial statements are an integral part of this statement.

**CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL  
FUNDS**

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City of Rye, New York  
Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2003  
(With Comparative Amounts for 2002)

	<u>2003</u>	<u>2002</u>
Governmental Funds Capital Assets:		
Land	\$ 3,100,000	\$ 3,100,000
Infrastructure	2,795,256	2,173,680
Construction in Progress	727,844	332,611
Total Governmental Funds Capital Assets	<u>\$ 6,623,100</u>	<u>\$ 5,606,291</u>
Investments in Governmental Funds Capital Assets		
by Source - Capital Projects Fund	<u>\$ 6,623,100</u>	<u>\$ 5,606,291</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Rye, New York  
Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2003  
(With Comparative Amounts for 2002)

Function and Activity	2003			
	Land	Infrastructure	Construction In Progress	Total
Public Safety -				
Traffic control	\$ -	\$ 485,377	\$ 492,035	\$ 977,412
Community Environment:				
Storm drains	-	989,627	69,478	1,059,105
Sewers	-	38,375	25,822	64,197
Street maintenance	-	1,090,537	107,738	1,198,275
Total Community Environment	-	2,118,539	203,038	2,321,577
Culture and Recreation -				
Parks and playgrounds	3,100,000	191,340	32,771	3,324,111
Total Governmental Funds				
Capital Assets	\$ 3,100,000	\$ 2,795,256	\$ 727,844	\$ 6,623,100

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

2002

2002			
Land	Infrastructure	Construction In Progress	Total
\$ -	\$ 465,000	\$ 102,296	\$ 567,296
-	712,000	190,301	902,301
-	-	11,206	11,206
-	921,680	-	921,680
-	1,633,680	201,507	1,835,187
3,100,000	75,000	28,808	3,203,808
\$ 3,100,000	\$ 2,173,680	\$ 332,611	\$ 5,606,291

City of Rye, New York  
Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
Year Ended December 31, 2003  
(With Comparative Amounts for 2002)

<u>Function and Activity</u>	2003		Governmental Funds Capital Assets December 31
	Governmental Funds Capital Assets January 1	Additions	
Public Safety -			
Traffic control	\$ 567,296	\$ 410,116	\$ 977,412
Community Environment:			
Storm drains	902,301	156,804	1,059,105
Sewers	11,206	52,991	64,197
Street maintenance	921,680	276,595	1,198,275
Total Community Environment	<u>1,835,187</u>	<u>486,390</u>	<u>2,321,577</u>
Culture and Recreation -			
Parks and playgrounds	<u>3,203,808</u>	<u>120,303</u>	<u>3,324,111</u>
 Total Governmental Funds Capital Assets	 <u>\$ 5,606,291</u>	 <u>\$ 1,016,809</u>	 <u>\$ 6,623,100</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.



2002		
Governmental Funds Capital Assets January 1	Additions	Governmental Funds Capital Assets December 31
\$ 465,000	\$ 102,296	\$ 567,296
712,000	190,301	902,301
-	11,206	11,206
400,000	521,680	921,680
1,112,000	723,187	1,835,187
2,365,677	838,131	3,203,808
<u>\$ 3,942,677</u>	<u>\$ 1,663,614</u>	<u>\$ 5,606,291</u>

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**STATISTICAL SECTION  
(UNAUDITED)**

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## **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

Net Assets by Component

Changes in Net Assets

Fund Balances, Governmental Funds

Changes in Fund Balances, Governmental Funds

Tax Revenues by Source, Government Funds

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City of Rye, New York  
Net Assets by Component  
Last Two Fiscal Years

	<u>2002</u>	<u>2003</u>
<b>Governmental Activities</b>		
Invested in Capital Assets		
Net of Related Debt	\$ 10,986,390	\$ 11,563,341
Restricted	1,513,973	1,304,649
Unrestricted	<u>2,151,116</u>	<u>5,409,766</u>
<b>Total Governmental</b>		
<b>Activities Net Assets</b>	<u>14,651,479</u>	<u>18,277,756</u>
 <b>Business-Type Activities</b>		
Invested in Capital Assets		
Net of Related Debt	7,578,822	8,100,157
Unrestricted	<u>2,283,925</u>	<u>2,171,508</u>
<b>Total Business-Type</b>		
<b>Activities Net Assets</b>	<u>9,862,747</u>	<u>10,271,665</u>
 <b>Primary Government</b>		
Invested in Capital Assets		
Net of Related Debt	18,565,212	19,663,498
Restricted	1,513,973	1,304,649
Unrestricted	<u>4,435,041</u>	<u>7,581,274</u>
<b>Total Primary Government</b>		
<b>Net Assets</b>	<u>\$ 24,514,226</u>	<u>\$ 28,549,421</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

City of Rye, New York  
Changes in Net Assets  
Last Two Fiscal Years

	<u>2002</u>	<u>2003</u>
<b>Expenses</b>		
<b>Governmental Activities</b>		
General Government	\$ 2,635,050	\$ 2,777,827
Public Safety	8,179,311	8,655,151
Community Environment	5,270,494	5,693,349
Culture and Recreation	3,005,355	2,921,669
Interest	77,783	105,133
<b>Total Governmental Activities</b>	<u>19,167,993</u>	<u>20,153,129</u>
<b>Business-Type Activities</b>		
Marina	369,746	413,260
Golf	3,488,578	3,569,892
<b>Total Business-Type Activities</b>	<u>3,858,324</u>	<u>3,983,152</u>
<b>Total Expenses</b>	<u>\$ 23,026,317</u>	<u>\$ 24,136,281</u>
<b>Program Revenues</b>		
<b>Governmental Activities</b>		
Charges for Services		
General Government	\$ 120,593	\$ 426,171
Public Safety	508,397	617,244
Community Environment	1,286,827	1,804,053
Culture and Recreation	1,126,616	870,472
Operating Grants and Contributions	267,488	404,662
Capital Grants and Contributions	258,808	434,307
<b>Total Governmental Activities</b>	<u>3,568,729</u>	<u>4,556,909</u>
<b>Business-Type Activities</b>		
Charges for Services		
Marina	474,292	482,094
Golf	3,901,304	3,922,787
Capital Grants and Contributions	19,500	-
<b>Total Business-Type Activities</b>	<u>4,375,596</u>	<u>4,404,881</u>
<b>Total Program Revenues</b>	<u>\$ 7,944,325</u>	<u>\$ 8,961,790</u>

(continued)



City of Rye, New York  
Changes in Net Assets  
Last Two Fiscal Years (continued)

	<u>2002</u>	<u>2003</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (15,599,264)	\$ (15,596,220)
Business-Type Activities	<u>517,272</u>	<u>421,729</u>
Total Net Expense	<u>\$ (15,081,992)</u>	<u>\$ (15,174,491)</u>
General Revenues		
Governmental Activities		
Real Property Taxes	\$ 11,949,060	\$ 14,222,097
Non-Property Taxes	1,760,063	1,817,378
Unrestricted Use of Money and Property	183,635	178,353
Gain on Sale of Equipment	57,795	31,675
State Aid	2,255,963	2,618,191
Other Revenues	<u>80,747</u>	<u>354,803</u>
Total Governmental Activities	<u>16,287,263</u>	<u>19,222,497</u>
Business-Type Activities		
Unrestricted Use of Money and Property	42,472	25,712
Loss on Sale of Equipment	-	(38,523)
Total Business-Type Activities	<u>42,472</u>	<u>(12,811)</u>
Total General Revenues	<u>\$ 16,329,735</u>	<u>\$ 19,209,686</u>
Change in Net Assets		
Governmental Activities	\$ 687,999	\$ 3,626,277
Business-Type Activities	<u>559,744</u>	<u>408,918</u>
Total Change in Net Assets	<u>\$ 1,247,743</u>	<u>\$ 4,035,195</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

City of Rye, New York  
Fund Balances, Governmental Funds  
Last Two Fiscal Years

	<u>2002</u>	<u>2003</u>
General Fund		
Reserved	\$ 1,490,877	\$ 2,053,180
Unreserved	<u>4,079,729</u>	<u>5,858,284</u>
Total General Fund	<u>\$ 5,570,606</u>	<u>\$ 7,911,464</u>
All Other Governmental Funds		
Reserved	\$ 856,302	\$ 704,481
Unreserved, Reported In:		
Special Revenue Funds	147,620	164,065
Capital Projects Fund	<u>(2,132,392)</u>	<u>(2,398,472)</u>
Total All Other Governmental Funds	<u>\$ (1,128,470)</u>	<u>\$ (1,529,926)</u>
Total Governmental Funds	<u>\$ 4,442,136</u>	<u>\$ 6,381,538</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

City of Rye, New York  
Changes in Fund Balances, Governmental Funds  
Last Two Fiscal Years

	2002	2003
<b>Revenues</b>		
Real Property Taxes	\$ 11,965,741	\$ 14,190,747
Non-Property Taxes	1,915,819	1,984,833
Charges for Services	874,140	1,240,414
Intergovernmental Charges	69,664	69,139
Use of Money and Property	203,349	169,772
Licenses and Permits	1,125,708	1,293,981
Fines and Forfeitures	446,831	500,773
Sale of Property and Compensation for Loss	54,458	63,122
Interfund Revenues	303,900	406,574
State Aid	2,602,098	3,062,010
Federal Aid	29,828	102,599
Miscellaneous	159,505	537,434
<b>Total Revenues</b>	<u>19,751,041</u>	<u>23,621,398</u>
<b>Expenditures</b>		
Current:		
General Government	2,677,305	2,618,241
Public Safety	8,255,601	8,720,495
Community Environment	5,252,387	5,732,532
Culture and Recreation	2,982,172	2,967,291
Debt Service:		
Principal	85,141	83,590
Interest	59,109	60,465
Capital Outlay:		
General Government	34,335	64,597
Public Safety	137,262	424,102
Community Environment	1,587,269	490,775
Culture and Recreation	64,619	124,538
<b>Total Expenditures</b>	<u>21,135,200</u>	<u>21,286,626</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,384,159)</u>	<u>2,334,772</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In	1,211,153	1,004,745
Transfers Out	(1,577,823)	(1,400,115)
<b>Total Other Financing Uses</b>	<u>(366,670)</u>	<u>(395,370)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,750,829)</u>	<u>\$ 1,939,402</u>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	0.75%	0.71%

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

City of Rye, New York  
Tax Revenues by Source, Governmental Funds  
Last Two Fiscal Years

<u>Fiscal Year</u>	<u>Real Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Utilities Gross Receipts Taxes</u>	<u>Mortgage Taxes</u>	<u>Total</u>
2002	\$ 11,965,741	\$ 1,472,398	\$ 287,665	\$ 1,413,357	\$ 15,139,161
2003	14,190,747	1,475,182	342,196	1,775,585	17,783,710

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

## **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. These schedules include:

Assessed and Estimated Full Value of Taxable Property

Direct and Overlapping Property Tax Rates

Principal Property Taxpayers

Property Tax Levies and Collections

City of Rye, New York

Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property  
Last Ten Fiscal Years

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation
1994	\$ 93,295,850	\$ 10,653,562	\$ 24,076,946	\$ 28,740,900	\$ 156,767,258
1995	94,673,050	10,226,943	25,501,344	28,402,784	158,804,121
1996	96,107,680	9,607,243	26,866,794	26,222,404	158,804,121
1997	96,932,980	9,936,743	24,062,883	28,749,890	159,682,496
1998	98,469,430	9,723,281	24,936,490	27,076,615	160,205,816
1999	100,344,705	9,566,481	23,656,790	26,840,742	160,408,718
2000	101,107,660	9,496,991	23,651,790	27,558,371	161,814,812
2001	102,112,685	9,497,691	23,357,440	27,565,398	162,533,214
2002	103,426,835	9,432,278	23,412,453	27,151,410	163,422,976
2003	104,744,885	9,432,278	23,227,968	27,328,014	164,733,145

(1) Includes commercial, industrial, and recreational facilities.

(2) Includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is tax-exempt.

Note: Assessed values are established by the City Assessor on September 15th of the prior year and includes Special Franchise Assessments as established by the New York State Board of Equalization and Assessment. For instance, assessed values for fiscal 2003 were established on September 15, 2002.

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<u>Exemptions</u>	<u>Total Net Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
\$ (30,643,375)	\$ 126,123,883	6.60%	\$ 1,910,967,924
(30,607,100)	128,197,021	6.82%	1,879,721,716
(30,631,505)	128,172,616	6.53%	1,962,827,198
(30,442,480)	129,240,016	6.53%	1,979,173,292
(29,944,675)	130,261,141	6.53%	1,994,810,735
(30,137,625)	130,271,093	5.42%	2,403,525,701
(30,255,710)	131,559,102	4.68%	2,811,091,923
(30,100,915)	132,432,299	4.20%	3,153,149,976
(30,038,848)	133,384,128	3.79%	3,519,370,132
(30,058,974)	134,674,171	2.85%	4,725,409,509

City of Rye, New York  
Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Overlapping Governments  
Last Ten Fiscal Years

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Year	City of Rye		Rye City School District		Rye Neck Union Free School District		Westchester County	
							Westchester County	Refuse Disposal District
1994	\$	73.72	\$	202.94	\$	-	\$ 81.26	\$ 9.72
		73.72		-		228.14	81.26	9.72
1995		73.72		220.57		-	77.21	9.70
		73.72		-		226.40	77.21	9.70
1996		73.72		231.45		-	77.49	9.58
		73.72		-		234.44	77.49	9.58
1997		73.72		235.96		-	78.92	9.93
		73.72		-		247.10	78.92	9.93
1998		73.72		241.58		-	83.08	10.90
		73.72		-		260.82	83.08	10.90
1999		73.72		248.71		-	91.91	12.62
		73.72		-		330.87	91.91	12.62
2000		76.44		270.25		-	89.90	12.67
		76.44		-		361.20	89.90	12.67
2001		78.05		302.32		-	86.95	13.02
		78.05		-		410.73	86.95	13.02
2002		88.18		335.00		-	91.72	13.40
		88.18		-		412.71	91.72	13.40
2003		103.55		373.81		-	104.80	14.62
		103.55		-		451.69	104.80	14.62



Blind Brook Sewer District	Mamaroneck Sewer District	Water District No. 4	Total County	Total with Rye City School District	Total with Rye Neck Union Free School District
\$ 10.45	\$ -	\$ 0.61	\$ 102.04	\$ 378.70	
-	17.55	0.61	109.14		\$ 411.00
11.10	-	0.32	98.33	392.62	
-	16.19	0.32	103.42		403.54
12.24	-	0.32	99.63	404.80	
-	16.05	0.32	103.44		411.60
12.07	-	0.33	101.25	410.93	
-	16.53	0.33	105.71		426.53
13.04	-	0.33	107.35	422.65	
-	16.64	0.28	110.90		445.44
13.83	-	-	118.36	440.79	
-	17.54	-	122.07		526.66
13.70	-	-	116.27	462.96	
-	16.74	-	119.31		556.95
14.05	-	-	114.02	494.39	
-	15.80	-	115.77		604.55
14.04	-	-	119.16	542.34	
-	15.97	-	121.09		621.98
14.68	-	-	134.10	611.46	
-	16.01	-	135.43		690.67

City of Rye, New York  
Principal Taxpayers  
December 31, 2003 and 1995<sup>1</sup>

2003				
Rank	Taxpayer	Type of Business	Net Assessed Valuation	Percent of Net Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 2,834,759	2.10%
2	Miriam Osborn Memorial Home	Retirement Community	2,642,300	1.96%
3	The Gateside - Rye Co.	Office Building	1,003,700	0.75%
4	Milton Harbor House	Cooperative	945,995	0.70%
5	Aquarian Water Company <sup>2</sup>	Public Utility	857,428	0.64%
6	411 Theodore Fremd Assoc.	Office Building	770,300	0.57%
7	Parsonage Investment Co.	Residential	734,800	0.55%
8	Zubrik, Nadja Olga	Cooperative	725,700	0.54%
9	Rye Colony Apartments	Cooperative	718,807	0.53%
10	Blind Brook Lodge	Cooperative	618,162	0.46%
	Total		<u>\$ 11,851,951</u>	<u>8.80%</u>

1995				
Rank	Taxpayer	Type of Business	Net Assessed Valuation	Percent of Net Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 4,292,356	3.35%
2	Rye Plaza Partnership	Office Building	1,324,850	1.03%
3	Equitable Holding Corp.	Residential	1,190,400	0.93%
4	Milton Harbor House	Cooperative	1,120,000	0.87%
5	NY American Water Co.	Public Utility	1,014,502	0.79%
6	The Gateside-Rye Co.	Office Building	1,003,700	0.78%
7	New York Investment	Office Building	960,100	0.75%
8	Principle Mutual Life Co.	Office Building	939,400	0.73%
9	Rye Colony Apartments	Cooperative	777,050	0.61%
10	Nadja, Olga Zulbrick	Cooperative	725,700	0.57%
	Total		<u>\$ 13,348,058</u>	<u>10.41%</u>

<sup>1</sup> Information for decennial (1994) year unavailable. Fiscal 1995 provided for comparison.

<sup>2</sup> Formerly NY American Water Co.

Source: City of Rye Assessor's Office.

City of Rye, New York  
Property Tax Levies and Collections  
Last Ten Fiscal Years

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<u>Year</u>	<u>Total Tax Levy</u>	<u>Amount Collected</u>	<u>Percent Collected</u>	<u>Amount Uncollected</u>	<u>Percent Uncollected</u>	<u>Tax Liens</u>	<u>Percent of Tax Liens to Tax Levy</u>
1994	\$ 9,306,345	\$ 9,124,514	98.05%	\$ 181,831	1.95%	\$ 301,895	3.24%
1995	9,354,994	9,303,189	99.45%	51,805	0.55%	118,303	1.26%
1996	9,448,778	9,401,546	99.50%	47,232	0.50%	161,570	1.71%
1997	9,510,351	9,450,388	99.37%	59,963	0.63%	117,129	1.23%
1998	9,590,213	9,548,594	99.57%	41,619	0.43%	161,105	1.68%
1999	9,593,156	9,564,026	99.70%	29,130	0.30%	230,906	2.41%
2000	10,028,994	9,978,031	99.49%	50,963	0.51%	379,136	3.78%
2001	10,323,122	10,288,742	99.67%	34,380	0.33%	638,842	6.19%
2002	11,762,076	11,721,253	99.65%	40,823	0.35%	643,455	5.47%
2003	13,894,248	13,837,617	99.59%	56,631	0.41%	566,332	4.08%

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## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Debt

Legal Debt Margin

Calculation of Charter Bonded Debt Limits

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City of Rye, New York  
Ratios of Outstanding Debt by Type  
Last Two Fiscal Years

Fiscal Year	General Obligation Bonds	Loans Payable	Total Outstanding Debt	Estimated Full Property Value	Percentage of Full Property Value	Population <sup>1</sup>	Debt Per Capita
<b>Governmental Activities:</b>							
2002	\$ 11,379,500	\$ 3,100,000	\$ 14,479,500	\$ 3,519,370,132	0.41%	15,092	\$ 959.42
2003	10,855,000	2,950,000	13,805,000	4,725,409,509	0.29%	15,092	914.72
<b>Business-Type Activities:</b>							
2002	5,350,000	-	5,350,000	3,519,370,132	0.15%	15,092	354.49
2003	5,000,000	-	5,000,000	4,725,409,509	0.11%	15,092	331.30
<b>Total Government-Wide:</b>							
2002	16,729,500	3,100,000	19,829,500	3,519,370,132	0.56%	15,092	1,313.91
2003	15,855,000	2,950,000	18,805,000	4,725,409,509	0.40%	15,092	1,246.02

<sup>1</sup> United States Census Bureau

City of Rye, New York  
Direct and Overlapping Governmental Activities Debt  
Last Two Fiscal Years

Government Unit	2003		
	Net General Long-Term Debt	Percentage Applicable City of Rye	Amount Applicable to City of Rye
City of Rye School District	\$ 17,705,000	100.00%	\$ 17,705,000
Rye Neck Union Free School District	12,605,000	33.00%	4,159,650
Westchester County	641,470,868	3.23%	<u>20,750,611</u>
Subtotal, Overlapping Debt			42,615,261
City Direct Debt			<u>13,805,000</u>
Total Direct and Overlapping Debt			<u>\$ 56,420,261</u>
Overlapping Debt Per Capita			<u>\$ 2,824</u>
Direct and Overlapping Debt Per Capita			<u>\$ 3,738</u>

Government Unit	2002		
	Net General Long-Term Debt	Percentage Applicable City of Rye	Amount Applicable to City of Rye
City of Rye School District	\$ 17,706,567	100.00%	\$ 17,706,567
Rye Neck Union Free School District	12,605,000	33.00%	4,159,650
Westchester County	609,941,997	3.42%	<u>20,849,995</u>
Subtotal, Overlapping Debt			42,716,212
City Direct Debt			<u>14,479,500</u>
Total Direct and Overlapping Debt			<u>\$ 57,195,712</u>
Overlapping Debt Per Capita			<u>\$ 2,830</u>
Direct and Overlapping Debt Per Capita			<u>\$ 3,790</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Rye. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.



City of Rye, New York  
Computation of Legal Debt Margin  
December 31, 2003

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2003	\$ 134,674,171	2.85%	\$ 4,725,409,509
2002	133,384,128	3.79%	3,519,370,132
2001	132,432,299	4.20%	3,153,149,976
2000	131,559,102	4.68%	2,811,091,923
1999	130,271,093	5.42%	2,403,525,701
Total Five Year Full Valuation			<u>\$ 16,612,547,241</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$ 3,322,509,448</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$ 232,575,661</u>
Outstanding Indebtedness at December 31st			\$ 15,855,000
Less: 2004 Appropriations for Debt Principal			<u>880,000</u>
Net Indebtedness Subject to Debt Limit			<u>\$ 14,975,000</u>
Net Debt Contracting Margin			<u>\$ 217,600,661</u>
Percentage of Net Debt Contracting Margin Available			<u>93.56%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>6.44%</u>

Last Ten Fiscal Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
1994	\$ 143,677,617	\$ 3,220,000	\$ 36,000	\$ 3,184,000	\$ 140,493,617	97.78%
1995	141,583,860	3,667,000	37,000	3,630,000	137,953,860	97.44%
1996	139,001,040	2,560,000	44,000	2,516,000	136,485,040	98.19%
1997	141,904,451	2,300,000	219,000	2,081,000	139,823,451	98.53%
1998	136,185,012	7,440,000	260,000	7,180,000	129,005,012	94.73%
1999	143,080,821	7,610,000	521,000	7,089,000	135,991,821	95.05%
2000	156,120,004	10,570,000	555,000	10,015,000	146,105,004	93.59%
2001	172,784,523	11,980,000	640,000	11,340,000	161,444,523	93.44%
2002	194,347,279	16,729,500	874,500	15,855,000	178,492,279	91.84%
2003	232,575,661	15,855,000	880,000	14,975,000	217,600,661	93.56%

City of Rye, New York  
Calculation of Charter Bonded Debt Limits  
December 31, 2003

In addition to the legal debt margin, the City Charter places limitations on the issuance of new debt (see Section C21-9 of the City of Rye Code). The City Council can authorize the issuance of debt not exceeding 5% of the average gross annual budget for the preceding three years. Debt exceeding 5% but not in excess of 10% requires a permissive referendum. Debt in excess of 10% requires approval of the voting public in a general or special election.

For purposes of this calculation, "gross annual budget" is defined as the total appropriations of the General Fund, Special Revenue Funds (Cable TV and Nature Center), and Enterprise Funds (Boat Basin and Golf Club operating and capital), less any interfund subsidies (such as the transfers from the General Fund to the Nature Center Fund). The Internal Service Funds (Risk Retention and Building & Vehicle Maintenance) are not included in the calculation, as their budgets and any incurred debt are supported primarily by user fees and not by the general tax base. Debt Service Fund and Capital Projects Fund requirements are already accounted for in the General Fund, so both of these funds are also eliminated from the calculation.

Fund:	Gross Annual Budgets (As Adopted)		
	2001	2002	2003
General Fund	\$ 19,003,866	\$ 20,095,118	\$ 21,212,206
Cable TV Fund	163,971	173,220	169,578
Nature Center Fund	361,436	330,311	130,051
Boat Basin Fund	449,262	653,182	408,211
Golf Club Fund	4,044,273	3,873,788	4,128,867
Total gross annual budgets	<u>\$ 24,022,808</u>	<u>\$ 25,125,619</u>	<u>\$ 26,048,913</u>
Total of preceding three years' gross annual budgets			<u>\$ 75,197,340</u>
Average of preceding three years' gross annual budgets			<u>\$ 25,065,780</u>
	Subject to City Council Vote	Subject to Permissive Referendum	
Maximum charter bonding limit	<u>\$ 1,253,289</u>	<u>\$ 2,506,578</u>	
Less outstanding principal at December 31, 2002:			
1993 Serial Bonds	-	-	
2000 Serial Bonds	(312,973)	(1,009,883)	
2001 Serial Bonds	(520,102)	(190,395)	
2002 Serial Bonds	-	(950,118)	
Charter bonding limit at December 31, 2002	<u>\$ 420,214</u>	<u>\$ 356,182</u>	

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules include:

**Demographic and Economic Statistics**

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City of Rye, New York  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Per Capita Income <sup>2</sup>	Median Household Income <sup>2</sup>	Median Family Income <sup>2</sup>	Median Residential Home Value <sup>3</sup>	Unemployment Rate <sup>4</sup>
1994	15,071	N/A	\$ 46,038	\$ 69,695	\$ 86,126	\$ 425,500	4.9%
1995	15,122	N/A	46,038	69,695	86,126	436,875	4.4%
1996	15,164	N/A	46,038	69,695	86,126	450,000	4.1%
1997	15,208	N/A	46,038	69,695	86,126	510,000	3.8%
1998	15,326	N/A	46,038	69,695	86,126	600,000	3.3%
1999	15,176	N/A	46,038	69,695	86,126	649,000	3.4%
2000	14,955	38.1	76,566	110,894	133,231	700,000	3.0%
2001	15,041	38.1	76,566	110,894	133,231	790,000	3.5%
2002	15,092	38.1	76,566	110,894	133,231	900,000	4.2%
2003	15,092	38.1	76,566	110,894	133,231	950,000	3.8%

Sources:

<sup>1</sup> United States Census Bureau.

<sup>2</sup> United States Census Bureau 1990 and 2000 Census. Median Age data not available for 1990 through 1999.

<sup>3</sup> City of Rye Assessor's office.

<sup>4</sup> United States Bureau of Labor Statistics unemployment rates for Westchester County

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## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. These schedules include:

Full-Time Equivalent Employees by Program

Operating Indicators by Program

Capital Asset Statistics by Program

City of Rye, New York  
Full-Time Equivalent Employees by Program  
Last Ten Fiscal Years

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Number of Employees:						
General Government	22	21	22	22	20	20
Public Safety	57	57	57	57	57	58
Community Environment	59	63	61	61	51	51
Culture and Recreation	<u>21</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>35</u>	<u>35</u>
Total Number of Employees	<u>159</u>	<u>163</u>	<u>162</u>	<u>162</u>	<u>163</u>	<u>164</u>



<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
29	30	21	20
57	61	62	63
55	57	61	64
<u>21</u>	<u>24</u>	<u>26</u>	<u>26</u>
<u>162</u>	<u>172</u>	<u>170</u>	<u>173</u>

City of Rye, New York  
Operating Indicators by Program  
Last Ten Fiscal Years

	1994	1995	1996	1997	1998
General Government:					
Primary elections	1	-	1	-	-
General elections	1	1	1	1	1
Special elections	-	-	-	-	-
Public Safety:					
Number of police personnel and officers	39	39	39	39	39
Number of police calls for service	10,198	10,464	11,192	8,449	8,200
Number of parking violations issued	8,192	5,415	5,388	5,129	5,558
Number of paid firefighters	16	16	16	16	16
Number of volunteer firefighters	206	215	206	212	201
Number of fire alarms answered	625	577	807	719	711
Number of fire inspections performed	456	514	535	476	468
Number of school crossing guards	65	65	65	65	65
Community Environment:					
Tons collected and disposed:					
Solid waste	7,491	7,279	9,115	7,698	7,545
Green waste	N/A	N/A	N/A	N/A	N/A
Metal	196	181	180	168	172
Pulp	1,206	1,371	1,547	1,731	1,872
Co-mingled	558	588	592	563	564
Leaves	450	450	450	450	450
Number of tires collected and disposed	N/A	N/A	N/A	N/A	N/A
Number of shade trees:					
Planted	45	40	31	44	78
Removed	55	70	161	100	31
Trimmed	300	285	280	265	270
Emergency calls	10	12	13	12	10
Stumps ground	N/A	N/A	N/A	N/A	N/A
Culture and Recreation:					
Registrations for adult programs	N/A	N/A	663	688	587
Number of building users	23,098	34,613	33,832	34,861	29,800
Picnics	7,490	8,383	8,548	6,590	4,638
Registrations for senior citizen programs	N/A	N/A	2,713	2,265	1,110
Registrations for special events	7,133	6,025	5,860	5,483	5,212
Tennis permits issued	N/A	N/A	1,394	699	1,136
Registrations for youth programs	1,899	2,001	2,205	1,942	2,550
Registrations for youth sports	2,615	2,720	2,965	2,965	2,221

Note: "N/A" indicates data not available.

Sources: Departmental annual reports to the City Manager.

1999	2000	2001	2002	2003
1	2	-	1	1
1	1	1	1	1
1	-	-	2	-
40	40	44	45	45
8,000	4,329	13,800	15,896	15,314
7,206	7,350	9,692	8,594	10,050
16	17	17	17	18
201	201	201	201	200
711	767	868	867	839
468	469	474	342	441
65	7	7	7	-
8,199	7,641	7,641	6,811	6,735
N/A	544	1,684	1,903	824
192	192	235	226	195
1,749	2,067	1,936	1,939	1,964
552	557	631	601	585
450	450	450	450	450
N/A	18	12	8	9
37	31	30	27	37
75	42	77	55	41
235	500	181	383	361
15	22	25	190	90
N/A	N/A	N/A	62	38
718	953	976	1,078	1,109
24,625	24,125	28,556	30,500	38,065
4,581	4,163	5,009	4,048	4,069
1,257	2,111	3,180	3,408	3,564
5,686	5,569	5,798	6,372	5,540
1,136	488	490	435	508
2,581	2,492	3,198	3,125	3,189
2,694	2,949	3,301	3,825	4,058

City of Rye, New York  
Capital Asset Statistics by Program  
Last Ten Fiscal Years

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General Government:					
Number of general government buildings	1	1	1	1	1
Public Safety:					
Number of police stations	1	1	1	1	1
Number of fire stations	2	2	2	2	2
Number of traffic lights	22	22	22	22	22
Community Environment:					
Miles of streets	71	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105	2,105
Miles of sanitary sewers	53	53	53	53	53
Number of pump stations	6	6	6	6	6
Miles of storm drains	30	30	30	30	30
Culture and Recreation:					
Number of recreation centers	1	1	1	1	1
Number of parks	3	3	3	3	3
Acres of parks	75	75	75	75	75
Number of golf courses	1	1	1	1	1
Number of swimming pools	1	1	1	1	1
Number of nature centers	1	1	1	1	1
Number of cable television channels	2	2	2	2	2
Number of boat basin slips	398	398	398	398	398

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
22	22	22	22	23
71	71	71	71	71
2,105	2,105	2,105	2,105	2,105
53	53	53	53	53
6	6	6	6	6
30	30	30	30	30
1	1	1	1	1
3	3	3	3	3
75	75	75	75	75
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
398	412	412	412	412